CORPORATE GOVERNANCE PRACTICES OF CORPORATE SECTOR IN INDIA: A CASE STUDY OF SELECTED INDIAN COMPANIES

THESIS

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy

in

Commerce

BY

NIDHI TYAGI

Under the Supervision of

PROF. S.M. IMAMUL HAQUE

DEPARTMENT OF COMMERCE
ALIGARH MUSLIM UNIVERSITY
ALIGARH (INDIA)

2015

Dedicated

To

My Beloved Parents

CANDIDATE'S DECLARATION

I, **Nidhi Tyagi,** Department of Commerce certify that the work embodied in this Ph.D. thesis is my own bonafide work carried out by me under the supervision of **Prof. S.M. Imamul Haque,** Department of Commerce, at Aligarh Muslim University, Aligarh. The matter embodied in this Ph.D. thesis has not been submitted for the award of any other degree.

I declare that I have faithfully acknowledged, given credit to and referred to the research workers wherever their works have been cited in the text and the body of the thesis. I further certify that I have not willfully lifted up some other's work, para, text, data, result, etc. reported in the journals, books, magazines, reports, dissertations, theses, etc., or available at web-sites and included them in this Ph.D. and cited as my work.

Date: 14|09|2015

(Signature of the Candidate)

Nidhi Tyagi

Certificate from the Supervisor

This is to certify that the above statement made by the candidate is correct to the best of my knowledge.

Signature of the Supervisor

14/9/15

Prof. S.M. Imamul Haque
Department of Commerce
Aligarh Muslim University,
Aligarh (India)

14/9/015

CHAIRMAN
Department of Commerce
Aligarh Muslim University
ALIGARH

14/9/15

(Signature of the Chairman of the Department with Seal)

ANNEXURE-II

COURSE/COMPREHENSIVE EXAMINATION/PRE-SUBMISSION SEMINAR COMPLETION CERTIFICATE

This is to certify that **Ms. Nidhi Tyagi**, Research Scholar, Department of Commerce has satisfactorily completed the course work/comprehensive examination and pre-submission requirement which is part of her Ph.D. programme.

Date: **03.09.2015**

04/9/2015

(Signature of the Chairman)

CHAIRMAN
Department of Commerce
Aligarh Muslim University
ALIGARH 4/9/15

COPYRIGHT TRANSFER CERTIFICATE

TITLE OF THE THESIS: Corporate Governance Practices of Corporate Sector in India: A Case Study of Selected Indian Companies

CANDIDATE'S NAME: Nidhi Tyagi

Copyright Transfer

The undersigned hereby assigns to the Aligarh Muslim University, Aligarh copyright that may exist in and for the above thesis submitted for the award of the Ph.D. Degree.

Nidhi
14/09/2015

Signature of the Candidate

Note: However, the author may reproduce or authorize others to reproduce material extracted verbatim from the thesis or derivative of the thesis for author's personal use provide that the source and the University's copyright notice and indicated.

ACKNOWLEDGEMENT

First and Foremost I would like to express endless thanks to ***"Shri Mata Vaishno Devi"*** *who blessed me with patience, perseverance, curiosity, intelligence, and most importantly the virtue of lifelong learning.*

I express my profound sense of gratitude to my esteemed supervisor ***Prof. S.M. Imamul Haque****, for providing valuable guidance, constructive suggestions, positive and supportive attitude, moral boost up and continuous encouragement at all stages of the study without which it would not have been possible to complete it. I am grateful to him for spending his precious time out of his multifarious duties and busy schedule to discuss various facets of this work. Without his kind and expert supervision this work would have been a mere dream. I deem it my good fortune as he was kind enough to take me under his supervision. I strive to emulate his punctuality, integrity and academic excellence throughout my life. Thanks a lot Sir, without you it was impossible for me to complete this work.*

I owe a deep sense of gratitude to ***Prof. Javed Alam Khan, Chairman, Department of Commerce****, and* ***Prof. Mohd. Mohsin Khan, Dean, Faculty of Commerce, A.M.U., Aligarh*** *for facilitating the accomplishment of my Ph.D. work. I am also thankful to* ***Prof. Sibghatullah Farooqi, Prof. Badar Alam Iqbal*** *and all the teachers of the Department of Commerce, A.M.U., Aligarh for their affectionate attitude and best wishes.*

I am greatly indebted to ***Dr. Asif Akhtar****, Department of Management Studies, A.M.U., for providing me his expert help from time to time throughout the research tenure. He helped me in the analysis of the data and provided very useful and relevant suggestions that have helped to bring the thesis in proper shape. My sincere thanks are also due to* ***Dr. Mohd. Naved Khan****, Department of Management Studies, A.M.U., for their valuable suggestions.*

*My heartiest thanks are also due to my friend, **Mohd Atif**, Assistant Professor, Department of Accounting and Finance, Central University of Himachal Pradesh, who sincerely guided and supported me while doing the empirical analysis by making me familiar to the data handling techniques.*

I wish to place on records, the helping contribution of One week Workshop on "Tools and Techniques for Data Analysis in Management Research" (16th June, 2014 - 22nd June 2014), organized by Department of Humanities and Social Sciences, Jaypee University of Information Technology, Waknaghat, Solan (Himachal Pradesh).

*I would like to extend my gratitude to **Dr. Saif Siddiqui**, Centre for Management Studies, Jamia Millia Islamia, and **Dr. Naseeb Ahmad**, Department of Commerce, Jamia Millia Islamia for their cooperation and support during my study.*

I am extremely thankful to all the respondents and brokerage houses for providing their vital inputs. I would like to thanks all the staff of different libraries I visited during my research work, especially Maulana Azad Library, A.M.U.; Ratan Tata Library, Central Library, Delhi School of Economics Library, D.U.; ICSSR Library, JMI Library; and JNU Library.

I am immensely grateful to ICSSR, New Delhi, for awarding me the Doctoral Fellowship for carrying out my research work.

*My heartfelt thanks go to my dear friends, **Dr. Yusra Naseem, Javed Qureshi, Dr. Mustafa Raza Rabbani, Jaivender Bhargava and Ashu** for their immense support, invaluable affection and advices.*

*I owe a word of sincere thanks to all my friends, **Nisha K.M., Saleena E.C., Shaista Sami, Swaricha Johri, Dr. Fozia, Dr. Asma Khatoon, Nasreen Khan, Huma Khan, Dr. Nahid, Abdul Ghani Faiyyaz, Mohd. Junaid Ahmad, Ishfaq Ahmad Thaku, Yogendra Pal Bhardwaj, Mohd. Atif Afzal, Arif Ahmad Wani, Farhan Habib,***

Dr. Shazia Tabassum, and Shahnazar for their ever encouraging and moral support throughout the period of my research.

Words fall short to express my gratitude to my beloved parents ***Mr. Sunder Lal Tyagi*** *and* ***Mrs. Monika Tyagi*** *for their loving encouragement and overflowing blessings. Their constant efforts rocked me from cradle to the highest path of academics. Since my birth, they have been the highest source of inspiration to me. My parents are my angels and they deserve a far more credit than I can ever give them. I am truly grateful to my brother,* ***Mr. Alok Tyagi,*** *as I never fell short of his immeasurable support and incessant assurance that he is always there for me. I am also thankful to my Bhabhi,* ***Mrs. Yatika Tyagi,*** *who gave my whole hearted moral support and encouragement. And how can I forget to thank my nephew,* ***Aadi Tyagi,*** *and niece, the little angel,* ***Ipsha Tyagi,*** *whose smile has always energized me.*

I acknowledge the cooperation that was extended to me in the form of innumerable help by ***Mr. Ali Hasan, Mr.Anees Ahmad, Mr. Sheikh Abdullah, Mrs. Imrana Sheikh Abdullah, Mr. Mohd Akram,*** *and* ***Mr. Syed Mohd Kazim Taqvi*** *and other non-teaching staffs in Faculty of Commerce. I also thank all those who could not find a separate name but have helped me directly or indirectly for the accomplishment of this thesis.*

Nidhi
14/09/201

(Nidhi Tyagi)

CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF GRAPHS

LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
ADM	Application Development and Maintenance
AGM	Annual General Meeting
AIM	Alternative Investment Market
AIP	Academic Interface Programme
ALS	Asset Leverage Solutions
ANOVA	Analysis of Variance
AS	Assurance Services
AT	Asset Tangibility
ATF	Aviation Turbine Fuel
BCF	Bebchuk, Cohen and Ferrell
BCGI	Brazil Corporate Governance Index
BPCL	Bharat Petroleum Corporation Limited
BRIK	Brazil, Russia, India, and Korea
BSE	Bombay Stock Exchange
BV	Book Value
CAGR	Compounded Annual Growth Rate
CBI	Confederation of Business and Industry
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CFO	Chief Financial Officer
CG	Corporate Governance
CGDI	Corporate Governance Disclosure Index
CGDS	Corporate Governance Disclosure Score
CGI	Corporate Governance Index
CGR	Corporate Governance Rating
CGS	Corporate Governance Score
CII	Confederation of Indian Industry
CMIE	Centre for Monitoring Indian Economy
CNN	Cable News Network

CNX	Crisil National Stock Exchange Index
CSR	Corporate Social Responsibility
D/E	Debt to Equity
DCA	Department of Company Affairs
DFI	Development Finance Institutions
DW	Durbin-Watson
ECS	Energy and Utilities, Communication and Services
EFA	Exploratory Factor Analysis
EHS	Environment, Health & Safety Measures
EIS	Engineering and Industrial Services
EMA	Europe-Middle East-Asia
EPS	Earnings Per Share
ES	Enterprise Solutions
EVA	Economic Value Added
FDI	Foreign Direct Investment
FMCG	Fast Moving Consumer Goods
FSA	Financial Services Authority
FSI	Financial Services and Insurance
GDP	Gross Domestic Product
GIM	Gompers, Ishii, and Metrick
GOI	Government of India
HCL	Hindustan Computers Limited
HPC	High Performance Companies
HPCL	Hindustan Petroleum Corporation Limited
HRD	Human Resource Development
HSD	High Speed Diesel
HUL	Hindustan Unilever Limited
IANS	Indo Asian News Service
ICAEW	Institute of Chartered Accountant in England and Wales
ICAI	Institute of Chartered Accountants of India
ICICI	Industrial Credit and Investment Corporation of India
ICSI	Institute of Company Secretaries of India

IDBI	Industrial Development Bank of India
IFC	Industrial Finance Corporation
IIAS	Institutional Investors Advisory Services
IPO	Initial Public Offering
IR	Industrial Relations
IT	Information Technology
ITC	Indian Tobacco Company
ITP	Institutional Trading Platform
KMO	Kaiser-Meyer-Olkin
KPMG	Klynveld Peat Marwick Goerdeler
KSE	Karachi Stock Exchange
LPG	Liquefied Petroleum Gas
LSH	Life Sciences and Healthcare
MCA	Ministry of Corporate Affairs
MD	Managing Director
MDA	Management Discussion and Analysis
MFG	Manufacturing
MRPL	Mangalore Refineries and Petrochemicals Limited
MSCI	Morgan Stanley Capital International
MV	Market Value
MVA	Market Value Added
NASSCOM	National Association of Software and Services Companies
NCR	National Capital Region
NED	Non-Executive Director
NSE	National Stock Exchange
NZX	New Zealand eXchange
OECD	Organisation for Economic Co-Operation and Development
ONGC	Oil and Natural Gas Corporation
ORD	Ordinary Companies
P/B	Price to Book
P/E	Price to Earning
PAT	Profit After Tax

PCA	Principal Component Analysis
PSU	Public Sector Undertaking
RCL	Retail, Consumer packaged goods and Logistics
RIL	Reliance Industries Limited
ROA	Return on Asset
ROCE	Return on Capital Employed
ROE	Return on Equity
RONW	Return on Net Worth
S&P	Standard & Poor
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SECP	Securities and Exchange Commission of Pakistan
SG	Sales Growth
SIZE	Firm size
SME	Small and Medium Enterprise
SOX	Sarbanes-Oxley
SPSS	Statistical Package for Social Sciences
TCS	Tata Consultancy Services
UK	United Kingdom
US	United States
USA	United States of America
UTI	Unit Trust of India
VIF	Variance Inflation Factor

Chapter-I

INTRODUCTION

CHAPTER - 1

INTRODUCTION

1.1 Introduction

Corporate Governance has universally become a topic of debate among the researchers, academicians, regulators, corporates and the legal fraternity. Across the globe, corporate governance has succeeded in gaining a good deal of public interest, which ultimately leads to recommended code of best practices, conceptual models, and numerous empirical studies. The governance systems affect output and investment decisions of firms through several channels like ownership structure, development of financial intermediaries and capital market, corporate financing, investment patterns and creditor rights, etc.

The term "governance" was derived from the Latin word 'gubernare', which means to steer. In simple terms, governance is the process through which decisions are made and implemented and this term can be applied in respect of any institution. Good governance is not just about good management. The term is much broader and includes fair, efficient and transparent administration which is designed to meet certain well defined objectives in an organization. Good governance ensures that all the stakeholders of the company, be it shareholders, employees, suppliers, customers, government and the community gets fair and adequate attention to meet their requirements. Good corporate governance is not important only for the development of the individual company, but also for the economy as a whole. Fairness, transparency, responsibility and accountability are the core values of corporate governance. In an increasingly globalized world economy, those nations that are able to sustain high standards of corporate governance will succeed, while others will have to struggle. According to the Securities Exchange Board of India (SEBI) Report on Corporate Governance (2003):

> *"A corporation should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to access global pools of capital, need to attract and retain the best human capital from various*

parts of the world, need to partner with vendors on mega collaborations and need to live in harmony with the community. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed."

"Corporate Governance is one of the most important differentiators of a business that has an impact on the profitability, growtn and even sustainability of the business. It is a multi-level and multi-tiered process that is extracted from an organization's culture, its policies, values and ethics, especially of the people running the business and the way it deals with various stakeholders" (Kaushik & Dutta, 2012).

The financial development of a nation depends upon strong investor protection and good governance. Good corporate governance is necessary for increasing investors' confidence and market liquidity. "Corporate Governance mechanisms assure investors that they will receive adequate returns on their investments" (Shleifer & Vishny, 1997). If the corporate governance mechanisms did not function properly, then the outside investors would not lend money to the firms or invest in their equity securities. Due to this, the economic performance suffers as many good business opportunities would be lost and the temporary financial problems would be quickly spread to other firms, employees and consumers. Good corporate governance helps companies to achieve long term profitability. An effective and diverse board is better able to identify and address key business risks leading to better decision making which is critical to business success and profitability. Improved corporate governance is necessary to enhance the investment attractiveness for the companies and is one of the main requirements demanded by investors, creditors, state regulatory authorities and other stakeholders. The credibility offered by good corporate governance system helps to maintain the confidence of investors. It attracts more patient, long-term capital and thereby reduces the cost of capital. This ultimately induces more stable sources of financing. Good corporate governance is equally important for the society. Corporate failures have negative effects on the society and the governments. Good corporate governance is in the best interest of all parties.

"Good corporate governance is rapidly becoming one of the major factors for the economic success of companies. Good corporate governance practices also reduce the perceived risks of investing in companies. This helps to raise the investment profile of the country as a whole". (M.V. Moily, Minister of Power & Corporate Affairs, Government of India [GOI]).

The corporate governance scenario in India is facing many challenges like the exploitation of minority shareholders by the dominant shareholders, insider trading, related party transactions, significant lapses in implementation and enforcement of regulations, the majority – minority conflict resulting from ownership concentration, limited shareholder activism including institutional investors, lack of director professionalism, weaknesses in investor access to the courts, an ineffective institutional framework to support enforcement efforts, and the political pressures related to government ownership of certain industries.

Organisation for Economic Cooperation and Development (OECD) (2003) has strongly recommended that "the legal and regulatory framework should ensure that non-controlling shareholders are protected from exploitation by insiders and controlling shareholders", and that preventing such exploitation is "the most serious corporate governance challenge".

In spite of the prevailing concerns, India scores in respect of corporate governance standards more than China, and is at 4th rank along with Malaysia and Australia across 25 markets globally and is at the 2nd spot in the Europe-Middle East-Asia (EMA) market category, according to the study jointly conducted by, Klynveld Peat Marwick Goerdeler (KPMG) and Association of Chartered Certified Accountants (ACCA) in 2014. The reason that helped India to score the leading rank are the changes related to the role and responsibilities of the audit committee, independent directors, and the codified duties of board of directors. A higher ranking in corporate governance increase confidence in capital market as the investors feel assured about the transparency and the efficacy of top management in the company (Indo Asian News Service [IANS], November 29, 2014).

"In India, though the reforms in the area of corporate governance have been underway since 1990s, it was not until the Satyam scandal that exposed glaring gaps in the governance structure and auditing practices in the country that acted as a catalyst for a modern legislation" (Jain & Nigam, 2014).

The increased number of corporate scandals worldwide coupled with global financial crisis led to wide spread investor interest in corporate governance practices followed by companies. In fact, some of the investors believe that good governance practice is a key determinant of whether they should invest in a particular company or not. Corporate Governance is an issue of concern worldwide and India is not an exception. The main reason for this is the unethical conduct on the part of the management of the companies. The fraudulent behaviour on the part of management has shaken the confidence of common investors and other stakeholders. The following are some of the instances of the fraudulent behavior and unethical practices found in major corporate failures worldwide:

Table 1.1: Instances of Major Corporate Failures Worldwide

[illegible]	[illegible]	[illegible]	[illegible]
Maxwell Communication Corporation (UK)	1964	1991	Fraud in Pension funds, **fake transactions, fraudulent activities**, abuse of power (CEO duality), misreporting of financial statements, lax board, **unethical behaviour.**
HIH Insurance (Australia)	1968	2001	Under-reserved provisions of insurance claims, dominant role of CEO, poor decision making, ineffective chairperson, failure of board, **inadequate financial reporting,** ineffective audit committee, auditor's failure.
Enron (USA)	1985	2001	Limited partnerships run by CFO to hide debt and inflate earnings, **fraud, misreporting of financial statements**, lack of proper controls, **unethical behaviour**, failure of external audit.
Xerox Corporation (USA)	1906	2002	**Non-disclosure of true and fair view of the state of affairs** and of the operating results of the corporation.
World Com (USA)	1983	2002	Massive **accounting fraud** by senior executives.
Parmalat (Italy)	1961	2003	**Falsified accounting documents.**
Satyam Computer Services Ltd. (India)	1987	2009	**Unethical behaviour,** lax board, unconvinced role of independent directors, questionable role of audit committee, **fraudulent audit and accounting function,** insider trading, flawed ownership model.

Source: Sharma, J. P. (2013). *Corporate governance, business ethics & CSR.* New Delhi, India: Ane Books Pvt. Ltd.

1.2 A Historical Review of Corporate Governance in India

The concept of good governance is very old in India. The fundamentals of corporate governance have their deep roots in Indian history. Our ancient texts have laid down sound principles of governance which seem to be very relevant to modern day corporate requirements. "The Indian ancient literature like Vedas, Manu Smruthi, Somadeva Neeti Stuti, Baharspatya Neeti Stuti, Arthashastra etc. give more information of the type of governance which existed during ancient period" (Kaushik, n.d.). A brief history of corporate governance during pre-liberalization and post-liberalization period will be pertinent to enlighten about the status of corporate governance in India from time to time.

1.2.1 Pre-Liberalization Period

The historical development of corporate laws in India has been marked by many interesting contrasts. At the time of Independence, Indian economy was one of the poorest economy in the world, but it possessed sophisticated corporate laws related to listing, trading and settlements. At that time, India had a sizable corporate sector that accounted for at least 10 percent of country's Gross Domestic Product (GDP); four well-functioning stock markets, an active manufacturing sector and a fairly developed banking system; a substantial body of laws relating to the conduct of companies, stock markets, banks, trusts, and securities; and well developed equity culture among the urban population. It also had a comparatively well-developed British-derived convention of corporate practices. "India was far better than other colonial countries as at that time it was best equipped to practice good corporate governance, to maximize long-term corporate interests, and to protect the stakeholder rights. But, it failed to do so" (Goswami, 2002). The introduction and enactment of Companies Act, 1956 further strengthened the rights of shareholders.

After 1951 Industries (Development and Regulation) Act as well as the 1956 Industrial Policy Resolution, the Indian economy turned towards socialism. The 1951 Industries Act was the first barrier to investment as it mandated for all industrial units to obtain licence from the central government. The Industrial Policy Resolution of 1956, stipulated that the public sector would dominate the Indian economy and the government would specify those industries for which the state would be exclusively responsible. Further, the government set up three all-India Development Finance Institutions (DFIs) to foster industrialization: the Industrial Finance Corporation (IFC), the Industrial Development Bank of India (IDBI), and the Industrial Credit and Investment Corporation of India (ICICI). In 1970s and 1980s, these three Development Financial Institutions were well placed to play the role of corporate governance watchdogs, but they had not done their job well. The situation became bad to worse and the corruption and inefficiency became the hallmarks of the Indian corporate sector. The Companies Act, 1956 provided clear instructions for the protection of investors' rights, but the shareholders and other stakeholders including creditors in India remained effectively unprotected. In India undesirable stock market practices, boards of directors without adequate fiduciary responsibilities, poor disclosure practices, and lack of transparency were all crying for reforms and improved governance. The fiscal crisis of 1991 induced the Government to adopt a series of reforms for economic stabilization through liberalization, privatization and globalization of the domestic economy.

1.2.2 Post-Liberalization Period

The Government of India in 1991 initiated major economic reforms and accordingly, a new Industrial Policy was adopted. The Indian scenario was changed with the 1991 Policy as the office of the Controller of Capital was abolished, access to capital markets was made easier for firms. The Indian capital market showed remarkable developments with increase in capital issue volumes, trading volumes, substantial growth in the in-bound and out-bound Foreign Direct Investment (FDI) flows; and increase in foreign institutional investment inflows. As a result, the GDP growth of the country started increasing. This necessitated the need for better corporate reporting systems for the benefit of investors. The need for corporate governance reforms and major corporate governance initiatives were began in the mid-1990s, as the process of globalization of the economy gained momentum. Corporate disclosures had to be 'adequate, fair and full' (Sareen & Chander, 2009).

The changing business environment and activities necessitated to redefine the principles of corporate governance and professionalization of corporate management. A variety of measures have been adopted to strengthen the corporate governance which include the strengthening of certain shareholder rights, ensuring protection of minority investors through greater transparency of operations and high standards of information disclosure, improving the functioning of capital markets, reforming board structure and processes to make them more accountable, reforming governance mechanisms of financial institutions, etc. The corporate governance initiative came through the establishment of SEBI in 1992 to protect the interests of investors in India. Various committees had been formed by SEBI and GOI which came up with various recommendations to raise the standards of corporate governance in India. The government also subsequently amended the Companies Act of 1956 four times in 1999, 2000, 2002 and 2003. Recently, India has gone through a complete change in regard of its corporate laws with the adoption of Companies Act, 2013 that has replaced the old Companies Act 1956. The Companies Act 2013 has included some new provisions for the betterment of good corporate governance, corporate performance, social soundness of business, etc. to ensure better financial transparency, firm performance and investor confidence.

1.3 Need for Good Corporate Governance

Business enterprises play a dominant role in the economic development and social progress of a country. The corporate sector, in fact, provides large-scale employment, goods and services to the people and contributes hugely towards the development of infrastructure. However, the corporate sector itself utilises on a large scale, the country's physical, financial and human resources which the nation entrusts to the corporation for better utilization and productive purposes. In order to succeed to make the best use of nation's resources, the business enterprises come under obligation to perform successfully so as to redeem the trust reposed by the people in them. This calls for the necessity for good governance of the corporations to ensure success. Good governance includes fair, efficient, transparent and judicious administration of human and material resources. In addition, responsibility and accountability are other significant core values of good governance.

In today's globalized era, emphasis on good governance is enhancing. It has become imperative for this corporate world to be fair and transparent to its various stakeholders in all its transactions. In the wake of the mass corporate scandals involving forgery, dishonesty, financial scams, the need for practicing ethical values and integrity has come to the fore (Prasad, 2008). A corporation will not be able to succeed until it follows ethical conduct in business. Ethics in managing a corporation is vital for long term survival of an organisation. The minimum code of ethics has to be practiced by the companies in competition, social responsibilities and public relations. Corporate Governance really encourages sound ethical standards and business practices.

"Corporate Governance stems from the culture and mindset of management and cannot be regulated by legislation alone" (Rani & Mishra, 2013). Its objective is to ensure that the affairs of the company is managed in such a manner that there is fairness to all stakeholders of the company. It must ensure that its actions benefit the greatest number of stakeholders in an effective way. For a corporate entity, openness, transparency, integrity and accountability are the important elements of corporate governance. Effective Corporate Governance, in turn, improves the economic efficiency of a firm. It ensures that corporations takes into account the interests of a wide range of constituencies and communities within which they operate.

Beyond the scandals and crisis, there are other structural reasons which explain the importance of corporate governance for the economic development and well-being. For efficient functioning of private market-based investment process, the role of efficient corporate governance is regarded as an essential pre-requisite. The increasing size of the firms, enhanced role of financial intermediaries and institutional investors, liberalization and globalization of financial and real markets, widened the investment choices and made decisions about the allocation of capital more complex. These structural reforms, including price deregulation and increased competition led to increased companies' exposure to risk from market forces. These developments have made monitoring the use of capital more complex, and thereby the need arises for effectuating a good corporate governance system.

In India, a series of scams after Liberalization such as Harshad Mehta scam, Ketan Parikh scam, Bhansali scam, Vanishing Company scam, Unit Trust of India (UTI) scam, and Satyam scam highlighted the need for corporate governance. These series of scams represent the failure of the regulatory authorities as well as the legal framework. Although, India has one of the best corporate governance laws but poor implementation. The financial development is largely dependent on investor protection in a country through best corporate governance practices. Hence, this creates the need for better corporate governance in the country.

1.4 Role of Good Corporate Governance

The initiation of the process of corporate governance and compliance with its principles played a statutory effect on the overall performance of the corporations. It results into a series of important benefits to the company, economy and the society at large.

- **Increased Access to Financing**

Sound corporate governance practices enhance access to external financing by firms that leads to greater investment, higher growth and employment. Several studies indicated that markets and the investors take notice of well governed companies and respond positively to them. The good corporate governance measures help to maintain the investors' confidence not only in the domestic market but also in foreign markets. As a result, companies are able to raise long-term capital efficiently and effectively. This ultimately induces more stable sources of financing. It is rightly said by Arthur Levitt, the former Chairman, Securities and Exchange Commission (SEC) (USA), *"If a country does not have a reputation for strong corporate governance practices, capital will flow elsewhere. If investors are not confident with the level of disclosure, capital will flow elsewhere. If a country opts for lax accounting and reporting standards, capital will flow elsewhere"* (Naidoo, 2002).

- **Higher Firm Valuation**

The quality of the corporate governance also affects the cost of capital and firm valuation. Sound corporate governance practices lower the cost of capital by reducing risk and raise the firm value. It makes investments more attractive, which in turn can lead to growth and employment. The outsiders are less willing to provide less or no financing to less governed firms and they are more likely to charge higher charges for that financing if they are less assured that they will get an adequate rate of return. Conflicts between large and small controlling shareholders are greater in case of weaker corporate governance settings. According to Global Investor Opinion Survey (McKinsey & Company, 2002), 78% of investors in Asia are willing to pay more premium for well-governed companies.

- **Better Operational Performance**

Good corporate governance framework produces better operational performance of a company through efficient allocation of resources and better management, better labor policies, and similar efficiency improvements. Effective corporate governance leads not only to improved return on equity or higher valuation, but also leads to higher profits and growth in sales of the firm.

- **Reduced Risk of Financial Crises**

Due to price deregulation, growing competition and structural reforms, companies are now exposed to greater risk. Good corporate governance reduces the risk of financial crises that can have devastating effect on an economy. The quality of corporate governance affects the firms' reactions in times of economic shocks and contributes to the occurrence of financial distress. In countries where investor protection is weak, the net capital flows are more sensitive to negative events that may adversely affects investors' confidence.

- **Better Relations with Other Stakeholders**

Good corporate governance leads to better relationship of firms with all its stakeholders, strengthens labor relations and improves social aspects such as environmental protection. Corporate governance encourages more openness and transparency of the business, thereby assuring that management acts in the best interest of all stakeholders. Potential or new stakeholders aspire to enter into relationships with those enterprises which follow corporate governance standards in an effective and efficient way.

- **Acquisition and Retention of Talent**

Companies with good corporate governance procedures have an edge in attracting, retaining and engaging well-qualified employees. Competent, ambitious and hardworking people want to join and stay in the company as the company treats them as a valuable asset.

1.5 Principles of Corporate Governance

"The key elements of good corporate governance principles include openness, honesty, trust and integrity, responsibility and accountability, performance orientation, mutual respect and commitment to the organization" (Parthasarathy, 2009). There is no globally accepted set of principles of corporate governance that can be applied to board structures (Rezaee, 2009). The corporate governance principles have been developed as guidelines rather than rules which could be used across different countries and markets (Gul & Tsui, 2004).

The OECD released the 'Principles of Corporate Governance' for the first time in May 1999 and subsequently revised it in 2004. The principles were reviewed for the third time in 2014 and the basis for the review was the 2004 version of the 'Principles of Corporate Governance'. The review process was started in 2014 and the Organisation invited public comments on the revised draft text from 14 November 2014 to 4 January 2015. The rationale for the review of the principles is to ensure their high quality, relevance and usefulness by taking into account the recent developments in the corporate sector and the capital markets.

"It is heartening to note that awareness of the OECD Principles of Corporate Governance is now very high in the Asian region." (S. P. Saran, Member SEBI, 2014)

A brief description of OECD principles of Corporate Governance is presented below:

1. Ensuring the Basis for an Effective Corporate Governance Framework

According to this principle, an effective corporate governance should be developed in a manner that has its impact on economic performance, market integrity and on market participants. It should promote transparent and efficient markets. The legal and regulatory requirements should be consistent with the rule of law and should ensure effective supervision and enforcement. There should be clear division of role and responsibilities among supervisory, regulatory and enforcement authorities.

2. The Rights of Shareholders and Key Ownership Functions

An effective corporate governance should protect and facilitate the exercise of rights of shareholders. Shareholders should be sufficiently disclosed about the relevant and material information about the company. The basic rights of the shareholders are: to convey and transfer shares; to participate and vote in Annual General Meetings (AGMs); to elect or remove the board members; and to have share in the profits of the company. The rights of shareholders including institutional shareholders must be facilitated. In addition to this, the market for corporate control should be allowed to function in an efficient and transparent manner.

3. Equitable Treatment of Shareholders

According to this principle, corporate governance framework should ensure equitable treatment to all class of shareholders including minority as well as foreign shareholders. With the presence of controlling shareholders, the agency problem can be reduced. But, the minority shareholders should be protected against the abusive actions taken by controlling shareholders to serve their own interest. Also, insider trading and self-dealing should be prohibited. It occurs when the persons like controlling shareholders having close relationships with the company, exploit these relationships to the detriment of the investors and the company.

4. The Role of Stakeholders in Corporate Governance

According to the OECD principle, the rights of various stakeholders which are established by law or through mutual agreement should be respected. If stakeholders' rights are protected by law, then they should have an opportunity to have redress for the violation of their rights. The governance framework should encourage active cooperation between corporations and its stakeholders. This cooperation results in creating more wealth, jobs and brings sustainability for financially sound enterprises. Stakeholders should have access to company's information on a timely and regular basis. They should be allowed to freely communicate their concerns regarding unethical practices to the concerned authority.

5. Disclosure and Transparency

An effective governance structure should ensure that timely and accurate disclosure is made on all the relevant and material matters regarding the companies. The disclosure is related to the financial situation of corporation, operating performance of the company, company's objectives, major shareholders and ownership rights, and the governance of the company. The information to be disclosed should be prepared in accordance with high quality accounting standards. An audit should be conducted from time to time in order to assure that financial statements represent the true position of the company.

6. The Responsibilities of the Board

The corporate governance framework should ensure effective monitoring of management by the board. The board should be accountable to the company and the shareholders. The board should apply ethical standards and act in the best interest of the company and its shareholders. In order to fulfil its responsibilities, the members of the board must have full access to information.

Table 1.2 presents a summary of the quality of governance in Indian companies in accordance with the OECD Principles of Corporate Governance. In India, most of the principles of corporate governance are observed or largely observed especially with respect to shareholder rights and stakeholder rights as well as board responsibilities.

Table 1.2: Summary of Observance of Corporate Governance Principles (OECD) in India

Principles	Observed	Largely Observed	Partially Observed	Materially Observed	Not Observed
SHAREHOLDERS RIGHTS					
a) Basic shareholders rights	√				
b) Rights to participate in	√				
fundamental decisions					
c) Shareholder's AGM rights	√				
d) Disproportionate control		√			
disclosure					
e) Markets for corporate	√				
control				√	
f) Cost/benefit to voting					
EQUITABLE TREATMENT OF SHAREHOLDERS					
a) All shareholders treated			√		
equally			√		
b) Prohibition of insider trading					
c) Board or managers disclose			√		
interests					
ROLE OF STAKEHOLDERS					
a) Stakeholder rights respected	√				
b) Redress for violation of			√		
rights	√				
c) Performance enhancement	√				
d) Access to information					
DISCLOSURE AND TRANSPARENCY					
a) Disclosure standards		√			
b) Accounting standards and		√			
audit			√		
c) Independent audit annually	√				
d) Fair and timely					
dissemination					
BOARD RESPONSIBILITIES					
a) Act with due diligence and		√			
care		√			
b) All shareholders treated	√				
fairly		√			
c) Ensure compliance with law			√		
d) The board fulfills key					
functions	√				
e) The board exercise					
objective judgement					
f) Access to information					

Source: Sarkar, J., & Sarkar S. (2012). *Corporate governance in India.* New Delhi, India: SAGE Publications India Pvt. Ltd.

1.6 Role of Key Players in Corporate Governance

1. Board of Directors

The Board of Directors are appointed by the shareholders of the company. They are entrusted with the responsibility of governing the affairs of the company. The board appoints the managing director or whole time director or executive directors with the approval of the shareholders. As laid down in the Cadbury Report (1992), "the important functions of the board of directors are to define the company's purpose, to strategize and draw up plans to achieve that purpose, to appoint the chief executive, to monitor and assess the performance of the executive team and last but not the least, to assess their own performance". The board are accountable to shareholders and other stakeholders in many ways. They are required to maintain a balance between competing interests of shareholders, customers, lenders, directors and promoters. "The board of directors along with inside management and company shareholders can be considered as the corporate governance 'triumvarate' with the board acting as the intermediary between the other two constituents" (Roe, 2008). The board shall ensure that adequate information, audit and control system exists in the company and the company complies with the legal requirements and ethical standards. The board of directors are expected to provide emphasis on external and internal issues. The internal issues are executive management and supervision; and the external issues are direction and accountability. The focus of all these issues are to satisfy the needs of the organization, shareholders and other stakeholders.

2. Shareholders

The shareholders are the true owners of the company, whose holdings are small in absolute terms but relative to the corporation's total outstanding shares. Shareholders are a body of individuals who are scattered all over and have no communication with each other. The real control of the company lies in the hands of promoter groups holding majority of stakes and with those who are organized shareholders like financial institutions. Good corporate governance is essential for the integrity and efficiency of the capital markets. Participation in the capital markets by numerous, small and dispersed shareholders is an indication of the success for the prevailing corporate governance system. The small shareholders who are not satisfied with the performance of the company, are expected not to have much impact on the board. Such shareholders can exercise their right and can voice their grievances only at the annual general meetings of the company. They can also demand full particulars and disclosures in matters from the board of directors at the time of annual general meeting. The board will be responsible to provide full facts and figures before the general meeting. Since the shareholders are scattered all over the country, it is not possible for each of them to attend the AGM and vote. Therefore, the concept of 'postal ballot' has been accepted by the corporate world. Through postal ballot system, shareholders can exercise their voting right, even if they are not able to attend the meeting (Das, 2012).

3. Large Shareholders/Institutional Investors

The one main reason for corporate governance to be a burning topic worldwide is the rise of big institutional investors. Institutional investors have significant shareholdings in the companies in which they invest. They mainly consists of mutual funds, unit trusts, investment trusts, provident funds, insurance companies, banks, public as well as private pension funds, development financial institutions, and foreign institutional investors. They are in better position to protect their interests than minority shareholders through investing in information, monitoring and disciplining managers of corporations. Institutional investors monitor the Board decisions and help in building effective corporate governance practices in the company. They have a powerful 'voice' in their investee companies. "If the institutional investors are dissatisfied with the Board they could either exit from the company, voice their dissatisfaction or be loyal and suppress their dissatisfaction" (Hirschman, 1971).

4. Other Stakeholders

Employees: Employees are considered as one of the important stakeholders of the organization. It is the responsibility of the company to take into consideration the interests of its employees. As good governance practices, companies must provide safe working environment to its employees and take into consideration the economic and social benefits of employees. The employees should not be satisfied with their salary only but should be alert about the day to day functioning of the company. Employees are engaged in the corporate governance by taking part in the process of collective bargaining, making representations in decision-making and by becoming shareholders of the company. Most of the companies adopted whistle blower mechanism, through which employees can provide any kind of information or activity which is illegal, dishonest, or not correct within the company.

Customers: Customers receives goods and services from the company and are therefore, the source of revenue for the company. Customers decide the destiny of the corporate world. Companies can win and maintain customers by developing products and services which offer value in terms of price, quality, safety and are environmental friendly. Customers prefers the products of those companies that are better governed and offers valuable products.

Creditors: Creditors have an important influence on the functioning of the company and play an important role in corporate governance. For survival, creditors rely on debt repayment by their borrowers. They can monitor firms by evaluating their operations, investment decisions, and capacity and willingness to repay. Creditors can also exercise control over companies through adequate information, market oriented creditor incentives, and appropriate legal framework for debt collection.

Government: The government as an internal and external stakeholder of the company plays key role in corporate governance. As an internal stakeholder, it owns the firm and has the responsibility of monitoring managerial decisions and limiting the managers to maximise private benefits at the cost of society. As an external stakeholder, it controls for better governance by defining the legal environment and enforcement of laws.

Community at Large: Any type of activities of the companies have an influence on the society. The whole corporate world is a part of society and are dependent over the society for the inputs and outputs. The society provides land, capital and other resources to the organizations to generate its wealth. Therefore, the society in return expects the company to take proper care of its products and waste; provide good quality and cheaper products and services; generate employment; and thereby contributes to the growth of the economy.

The expectations of various stakeholders from the corporates are listed in Table 1.3 below:

Table 1.3: Expectations of Various Stakeholders

Stakeholders	Expectations
Shareholders	i) a fair and steady rate of return on investment ii) increase in the future earning of the company iii) increase in the market capitalization of investment
Employees	i) recognition of service by providing fair remuneration as also incentives ii) stability of employment iii) help improve standards of living
Customers	i) provide quality goods or services at a fair price and on fair terms ii) restraint from restrictive practices or unfair practices
Creditors	i) ability to pay the principal and interest as per contractual obligations
Government	i) behave as a responsible and good corporate citizen ii) non-evasion of taxes and dues to the Government' iii) involvement in social cause, e.g. charities, donations etc.
Community	i) growth in employment generation to secure good local employment ii) protection of environment
Public at large	i) To hold the board accountable for – a) limiting senior executives' compensation b) full environmental protection' c) avoidance of fraud within the company d) caring for employees

Source: Das, S. C. (2012). *Corporate governance in India: An evaluation.* New Delhi, India: PHI Learning Private Limited.

1.7 Summary

This chapter introduced the subject of corporate governance and enlightened on its various aspects impacting the corporate itself as well as its stakeholders. It mainly elaborates on the concept of corporate governance and its importance in the present scenario. A brief historical background of corporate governance in context to India has been described. The chapter also highlighted the need and benefits of good corporate governance. The OECD's Principles of Corporate Governance and their observance in case of India is detailed in the present chapter. It has been observed that India is practicing the principles prescribed by OECD. The role of key players in implementing the corporate governance effectively has also been presented in this chapter. The next chapter goes through the work done on corporate governance worldwide and in context to India. Through comprehensive literature review, research gaps have been identified and this study aims at bridging those gaps. Research design, objectives, hypotheses, and finally plan of work have also been presented in the ensuing chapter.

References

Cadbury, A. (1992). *The committee on the financial aspects of corporate governance.* London: Gee and Company. Retrieved from http://www.ecgi.org/codes/documents/cadbury.pdf

Das, S. C. (2012). *Corporate governance in India: An evaluation.* New Delhi, India: PHI Learning Private Limited.

Goswami, O. (2002). Corporate governance in India. In *Taking action against corruption in Asia and the Pacific* (pp.85-106). Manila: Asian Development Bank Conference Papers and Proceedings. Retrieved from http://www.oecd.org/site/adboecdanti-corruptioninitiative/regionalseminars/35137409.pdf

Gul, F. A., & Tsui, J. S. L. (2004). Introduction and overview. In F. A. Gul, & J. S. L Tsui (Ed.), *The governance of East Asian corporations: Post Asian financial crisis* (pp. 1-15). New York: Palgrave MacMillan.

Hirschman, A. O. (1971). *Exit, voice and loyalty: Responses to decline in firms, organizations, and states.* Cambridge: Harvard University Press.

Indo Asian News Service. (2014, November 29). India overtakes China in corporate governance rankings. *The Times of India.* Retrieved from http://timesofindia.indiatimes.com/business/india-business/India-overtakes-China-in-corporate-governance-rankings/articleshow/45317325.cms

Jain, S., & Nigam, N. K. (2014). Companies Act, 2013—a new wave in corporate governance. *Indian Streams Research Journal, 3*(12), 1-9. doi:10.9780/22307850

Kaushik, K. V., & Dutta, K. (2012). *India means business: How the elephant earned its stripes.* New Delhi, India: Oxford University Press.

Kaushik, N. R. (n.d.). Corporate governance – Its origin in ancient India. *DRIEMS Business Review, 1*(1), 44-50. Retrieved from http://www.driems.ac.in/mba/Download/6%20CORPORATE%20GOVERNANCE%20-%20ITS%20ORIGIN%20IN%20ANCIENT%20INDIA.pdf

McKinsey & Company. (2002). *Global Investor Opinion Survey: Key Findings*. Retrieved from http://www.eiod.org/uploads/Publications/Pdf/II-Rp-4-1.pdf

Naidoo, R. (2002). *Corporate governance: An essential guide for South African companies*. Cape Town: Double Storey Books. Retrieved from https://books. google.co.in/books?isbn=1919930086.

OECD. (2003). *White paper on corporate governance in Asia*. France: OECD Publications. Retrieved from www.oecd.org/corporate/ca/corporategovernance principles/25778905.pdf

OECD. (2014). *Corporate governance in Asia: Asian roundtable on corporate governance*. Paris, France: Corporate Affairs Division OECD. Retrieved from http://www.oecd.org/daf/ca/48806174.pdf

Parthasarathy, S. (2009). *Corporate governance: Principles, mechanisms & practice*. New Delhi, India: biztantra.

Prasad, K. (2008). *Corporate governance*. New Delhi, India: PHI Learning Private Limited.

Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice*. New Delhi, India: Excel Books.

Rezaee, Z. (2009). *Corporate governance and ethics*. New Jersey: John Wiley & Sons Inc.

Roe, M. J. (2008). The institutions of corporate governance. In C. Menard, & M. M. Shirley (Ed.), *Handbook of new institutional economics* (pp. 371-399). Germany: Springer Berlin Heidelberg. doi:10.1007/978-3-540-69305-5_16

Sareen, V. K., & Chander, S. (2009). Firms' attributes and corporate governance disclosure particulars: An empirical investigation. In R. K. Mishra, & S. Jhunjhunwala (Ed.), *Corporate governance- Millennium challenges* (pp. 54-81). India: Excel India Publications.

Sarkar, J., & Sarkar S. (2012). *Corporate governance in India*. New Delhi, India: SAGE Publications India Pvt. Ltd.

SEBI. (2003). *Report of the SEBI committee on corporate governance*. Mumbai: SEBI. Retrieved from www.sebi.gov.in/commreport/corpgov.pdf

Sharma, J. P. (2013). *Corporate governance, business ethics & CSR.* New Delhi, India India: Ane Books Pvt. Ltd.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance, 52*(2), 737-783. doi:10.1111/j.1540-6261.1997.tb04820.x

Chapter-2

REVIEW OF LITERATURE AND RESEARCH DESIGN

CHAPTER - 2

REVIEW OF LITERATURE AND RESEARCH DESIGN

Corporate governance has ever been the kingpin for the sound health and success of the corporation. It makes its impact on all aspects of the functioning of the organization as well as influences the attitudes of the internal human force and external stakeholders towards the organization. Good corporate governance involves balancing the interests of numerous stakeholders of the company i.e., shareholders, management, customers, suppliers, financiers, government and the community.

Though the concept of corporate governance owes its origin since the beginning of corporate form of organization, but it gained focus and significance in recent years. In India, the corporate governance got the lime light and emphasis post the economic reforms and liberalization era. Today, the concept of corporate governance has gained importance in the corporate world and the term now pervades the boardrooms, the works of various corporate authors and the research studies conducted by the academic community.

2.1 Review of Literature

This chapter makes an effort to review the existing theoretical and empirical literature on corporate governance of firms in India and abroad. On the basis of literature review, the structure for the present study is formulated. Through extensive literature review, research gaps are identified. Accordingly, objectives of the study, hypotheses and research design of this study are framed. The literature review undertaken by the researcher is presented under the three sections. Section 2.1.1 presents the literature review on corporate governance and its relationship with firm performance. Section 2.1.2 shows studies on role and perception of various stakeholders on corporate governance. Section 2.1.3 demonstrates the studies related to investment pattern of investors.

According to Srinivasan and Srinivasan (2011), the number of papers on corporate governance in India published in Indian and International journals is increasing each year which reflects a steady and growing interest in the field of corporate governance in India. The current status of research relating to corporate governance is that only eleven papers deal with India as a context or sample out of 499 articles on corporate governance in the top tiered international journals.

2.1.1 Studies on Corporate Governance and its Relationship with Firm Performance

Coles, McWilliams, and Sen (2001) has used a sample of 144 US large firms and examined the relationship of corporate governance mechanisms with market performance measures for the period of 1984-1988. The governance variables used in the study were: leadership structure, board composition, ownership structure, Chief Executive Officer (CEO) compensation and tenure. The study found positive relationship between leadership structure and Economic Value Added (EVA) while CEO salary and outside directors had negative impact on Market Value Added (MVA). There was lack of relationship of ownership structure and CEO tenure with performance measures.

Hussain and Mallin (2002) adopted survey methodology of companies listed on Bahrain Stock Exchange in order to analyze their corporate governance structure. From the analysis of 21 responses, it was indicated that Bahraini companies had adopted some features of international Corporate Governance (CG) "best practice". For e.g., boards dominated by Non-Executive Director (NED) and the separation of the roles of CEO and Chairman. Majority of the companies had an internal audit department and risk management control. It was also revealed from the study that effectiveness of nomination or appointment process was not clear and the directors of the companies tend to be fairly entrenched.

Bai, Liu, Lu, Song, and Zhang (2004) explored the relationship of corporate governance mechanisms with the market valuation of the listed firms in China. The data was collected from the firm's annual reports from 1999 to 2001. Using the results of fixed-effects and random-effects models, it was found that high concentrated shareholding and issuing shares to foreign investors have positive and significant effects on market valuation. Whereas, large holding by the largest shareholder, the CEO duality, and the largest shareholder being the government, all have negative and significant effects on market value.

Leng (2004) analyzed the impact of corporate governance practices on firm performance. The study was based on data from 71 Malaysian listed companies for the period 1996-1999. The firm performance was measured by Return on Equity (ROE) and governance variables used in the study were: NED, chairman of audit committee, CEO duality, proportion of institutional investors, and concentrated ownership. It was established that the only institutional investors had significant influence on firm performance. The other variables i.e., proportion of NED, concentrated ownership and CEO duality had no significant impact on ROE of the company.

Chiang (2005) explored the relationship between corporate governance and operating performance of 225 Taiwan listed companies in 2001. Corporate governance indicators used in the study was transparency and for this, Standard & Poor's (S&P) transparency criteria was adopted. The results of the study indicated that board size, board ownership, board structure, institutional ownership, information disclosure and financial transparency had significant relationship with corporate performance. The study also pointed out that information transparency is an important indicator for measuring corporate performance.

Dwivedi and Jain (2005) investigated the relationship of corporate governance and firm value of 340 listed Indian companies for the period 1997–2001. The variables of corporate governance studied were: board size, directors' shareholding, institutional and foreign shareholding. The firm value was measured through Tobin's Q. The results indicated that proportion of foreign shareholding is associated with market value of the firm, while the institutional shareholding is not found to have significant relationship with firm value. Moreover, a positive influence of board size was found on firm value. Directors' shareholding were not found to be associated with firm value.

Vora (2005) in his thesis entitled "A Study of Corporate Governance Practices of Corporate Sector in India" has selected five groups and each group included 10 companies. A Corporate Governance Index (CGI) was prepared of 50 companies for the year 2002-03. It was found that there was no significant difference in the corporate governance disclosure score index for Board and management structure, for transparency and disclosure, for stakeholders claim satisfaction and financial information, for corporate social responsibility, among the various group of companies.

Black, Jang, and Kim (2006) constructed CGI for a sample of 525 companies of Korea for the year 2001. They tried to examine whether CGI predicts the market values of Korean companies. The CGI consists of five sub-indices namely, board structure and composition, board procedure, disclosure, shareholder rights and ownership parity. They found significant and positive relationship between CGI and Tobin's Q. A worst-to-best change in CGI predicted 0.47 increase in Tobin's q. The regression results were found to be robust in subsamples and with alternate measures market value (market-to-book ratio or market-to-sales ratio). The study pointed out that improved corporate governance does not predicts higher firm profitability, rather it predicts the lower cost of capital.

Black, Love, and Rachinsky (2006) evaluated the relationship between corporate governance and market values of 99 Russian companies. A corporate governance index was prepared for the period 1999–2005. They found statistically strong relationship between corporate governance and firm market value. The results of the study revealed that a worst-to-best improvement in CGI predicts 0.45 increase in Tobin's q. Whereas, a worst-to-best change in individual corporate governance sub-indices predicts 0.70 increase in Tobin's q.

Javed and Iqbal (2006) analyzed the impact of corporate governance on firm performance of 50 listed companies on Karachi Stock Exchange (KSE). A corporate governance index was developed for the year 2003 to 2005. The results documented a positive and significant relationship between CGI and firm performance. The sub-indices board composition, ownership and shareholding found to have significant influence on firm performance. However, transparency sub-indices had no significant effect on firm performance.

Bhuiyan and Biswas (2007) studied the corporate governance practices of 155 listed companies in Bangladesh. The Corporate Governance Disclosure Index (CGDI) consisting of 45 items was constructed and classified into five categories namely, financial disclosures, non-financial disclosures, AGM, timing and means of disclosure, and best practices for compliance with CG. A significant difference was found among the CGDI of various sectors. The findings of the study unveiled that companies were more active in financial disclosures rather than non-financial disclosures.

Cheung, Connelly, Limpaphayom, and Zhou (2007) constructed a Corporate Governance Index (CGI) and investigated the relationship of CGI with market value of 168 companies in Hong Kong. The results demonstrated that the CGI was positively and significantly associated with companies' market value. The results of the study implied that companies having better corporate governance are associated with higher market value in Hong Kong. The study pointed out that the investors were more concerned with corporate governance practices of Chinese companies than for Hong Kong companies.

Garg (2007) studied the influence of board size and independence on firm performance. A sample of 164 companies listed on Bombay Stock Exchange (BSE) 200 were taken for six years from 1998 to 2003. The results showed an inverse relationship of board size and board independence with firm performance. Board independence with different proportions had no identical impact on firm performance. There was no impact of board independence on firm performance when it was less than 33 percent or greater than 74 percent. Whereas, the impact was more when the proportion was between 50 and 60 per cent and less when between 60 to 74 percent. The study suggested that the board size should be limited to six as smaller boards are more efficient than the larger ones. The large board size reduces the board performance, which hampers the firm performance. The reason for bad performance of independent directors could be lack of training, ignorance of the procedures, tasks and responsibilities.

Parsa, Chong, and Isimoya (2007) examined the status of compliance with the corporate governance by 89 Small and Medium Enterprises (SMEs) listed on UK Alternative Investment Market (AIM). The study was conducted for the period of three years from 2002 to 2004. To measure the governance disclosure, corporate governnace disclosure index was prepared based on the Combined Code and Financial Services Authority (FSA) listing rules. The study found that AIM listed companies disclosed around 50 percent of governance items. The findings reported the evidence of positive and significant relationship between the number of NEDs and the corporate governance disclosure. This implied that higher the number of NEDs in the company, the more will be reporting on their governance mechanisms.

Raja and Kumar (2007) studied the association between corporate governance practices and firm performance of 40 Indian firms' listed on BSE Small Cap Index. The performance measure used in the study was Tobin's Q, and the corporate governance component were: board component, ownership component, committee component, and board procedure component. The results of regression analysis verified that only committee component had significant relationship with firm performance. The study concluded that corporate governance practices in the Indian firms had positive influence on the firm performance.

Bhagat and Bolton (2008) studied the impact of corporate governance on firm performance. The firm performance measures used in the study were: Return on Asset (ROA), Stock Returns, Tobin's Q, last 2 years performance and Industry Performance. The study found that better corporate governance as measured by Gompers, Ishii, and Metrick (GIM) and Bebchuk, Cohen and Ferrell (BCF) indices, stock ownership of board members, and separation of CEO duality was positively and significantly correlated with operating performance. Board independence was found to be negatively correlated with performance. The study further indicated that none of the corporate governance measures were correlated with future stock market performance.

Das (2008) in his case study evaluated the quality of corporate governance practices and standards in Reliance Industries Limited (RIL) for the year 2007. The results revealed that RIL had shown satisfactory performance in maintaining and attaining the corporate governance standards. Further, the study suggested that still scope is there for improvement in the level of corporate governance standards and the quality of disclosures to be practiced by the company.

Garay and Gonzalez (2008) examined the relationship of corporate governance and firm value of listed firms in Venezuela. A CGI was constructed for 33 firms for the year 2004. The results showed a positive and significant impact of CGI on firm performance. The findings of the study was found to be consistent with theoretical models that relate good CG practices with higher investor confidence, and the agency model of dividend payout. It was suggested that the firms by improving their governance practices, may reduce their cost of capital and also enhance their market valuation. Moreover, managers in weak investor protection environments can differentiate their firms through adoption of corporate policies to improve their governance structure.

Kohli and Saha (2008) analyzed the impact of corporate governance mechanisms on market valuation of 30 companies of FMCG (Fast Moving Consumer Goods) and IT (Information Technology) sectors in India. The study period was from 2002 to 2006. The corporate governance mechanisms studied were: board structure and composition, board committees, compensation, shareholder rights, ownership concentration, and value creation for stakeholders. The results of the study showed an overall strong significant relationship of corporate governance with market value of the firm. This indicated that good corporate governance mechanisms results in higher market valuation. Of all the corporate governance mechanisms, only shareholders' rights, and value creation for stakeholders were emerged as important corporate governance mechanisms that have an impact on market valuation.

Mashayekhi and Bazaz (2008) investigated the association of corporate governance indices with firm performance of 240 firms in Iran for the year 2005-2006. The study confirmed negative relationship of board size with firm performance, whereas a positive relationship was found between independent directors and firm performance. On the other hand, board leadership was not related with firm performance. Similarly, the presence of institutional investors on the board does not found have positive impact on firm performance.

Tariq and Butt (2008) evaluated the impact of corporate governance practices on firm's financial performance in Pakistan. The data was collected for 50 non-financial companies for three years from 2003 to 2005. A CGI was constructed on the basis of some selected parameters and the selection of the parameters was in accordance with SECP (Securities and Exchange Commission of Pakistan) Code of Corporate Governance. The results of regression analysis indicated that the CGI score was positively and significantly associated with ROA, ROE and Price to Book (P/B) ratio. The Price to Earning (P/E) ratio showed positive correlation with CGI scores but the impact was found to be insignificant. The overall results showed that the quality of corporate governance matters and had impact on financial performance of companies in Pakistan. The authors suggested that a regulatory model should be adopted to address the unique issues of Pakistani business culture and values.

Aluchna (2009) investigated the relationship of corporate governance rating with corporate performance of Poland listed companies for the year 2004-2006. The findings indicated that corporate governance practices in Poland was associated with lower return on investment. However, this relationship remained negative and statistically insignificant for the whole sample, but it was found positive for first and third year as well as for the rating companies. Moreover, it was concluded that compliance with corporate governance standards is a costlier process with no benefit for investors and companies. Its importance may increase with the development of institutional regime as well as with increase in market participants' skills and experience.

Dey and Chauhan (2009) studied the relationship between board composition and performance of Indian firms for the year 2006-2007. A sample of 420 firms listed on BSE 500 index was used. The results of the study indicated that the larger board size were less effective in all the firms, except in case of Public Sector Undertakings (PSUs). Board size was found to be insignificant for determining the performance of Indian PSUs. The reason for this is the political control in Indian PSUs Moreover, board independence had an insignificant effect on firm performance across all firm categories in India. The study mentioned that the board independence in Indian companies is largely influenced by family owners or private individuals, who actually appoint independent directors. The independent director's decision is not different from management's decision. Therefore, the role of independent directors are not as strong as desired by the regulators.

Shukla (2009) examined the governance practices prevailing in the Indian FMCG sector. The study evaluated the compliance status of the various corporate governance parameters in four renowned companies of the FMCG sector namely, ITC

Ltd., Nestle (India) Ltd., Hindustan Unilever Ltd. (HUL), and Tata Tea Ltd. for the year 2007. It has been observed in the study that among the four companies, ITC scored the highest points, followed by Tata Tea, HUL and Nestle. He concluded that Indian FMCG companies still have a long way to go in order to achieve excellence in their corporate governance practices.

Teh (2009) in his thesis entitled "Compliance and Impact of Corporate Governance Best Practice Code on the Financial Performance of New Zealand Listed Companies" found that the rate with which companies complied with NZX (New Zealand eXchange) Code for the year 2003 and 2007 was disappointing. With a sample of 89 companies, the year 2007 results showed a pattern of positive relationship between the compliance of Code and firm performance. Further, CEO duality had negative impact on firm performance, which is contrary to the agency theory expectation.

Ameer, Ramli, and Zakaria (2010) examined the relationship of board composition and firm performance of 277 listed Malaysian firms for the period 2002 to 2007. The results showed that firms having higher outside and foreign directors on board were associated with better performance as compared to firms with majority of insider executive and affiliated non-executive directors. The findings of the study implied that firm boards with a higher proportion of outsiders reduces under-investment and agency problems.

Balasubramanian, Black, and Khanna (2010) examined the association of firm-level governance practices with market value. A CGI was developed for a sample of 275 Indian public companies for the year 2006. They also investigated the role of individual governance sub-indices in predicting market values of firms. The study provided evidence of positive and significant association between CGI and market value in Indian firms. This association was found to be more significant for more profitable firms as compared to less profitable firms. The sub index, shareholder rights was marginally significant, but other sub-indices such as board structure, board procedure, disclosures, and related party transactions were not significant.

Bhasin (2010) in his case study analyzed the corporate governance disclosure practices followed by the Reliance Industries Limited (RIL). The corporate governance score was prepared from the annual report of RIL for the financial year 2008-2009. On the basis of corporate governance score, it was concluded that the company had shown "Very Good" performance.

Cheung, Jiang, Limpaphayom, and Lu (2010) evaluated the progress of corporate governance practices of 100 largest firms in China during 2004-2006. They also examined the relation between the overall corporate governance practices and market valuation. To measure the quality of corporate governance practices, a CGI was constructed based on the OECD principles. The results of the study depicted that the CGI of Chinese listed companies were improved from 2004 to 2006. A positive relation was also found between market valuation and overall corporate governance practices of Chinese companies. This means that improved overall corporate governance practices of Chinese companies leads to higher market valuation.

Kota and Tomar (2010) examined the influence of corporate governance practices on the performance of 106 Indian firms during 2005-2007. The corporate governance variables considered for the study were: Independence of NED, CEO duality, Independence of audit committee and Board size. The results of the study showed that CEO duality structure contributed positively and significantly towards the firm performance. Whereas, a significant but inverse relationship was found between board size and firm performance which indicates that smaller board is more effective and enhances the firm value. The regression results further showed that proportion of NEDs and presence of an independent NED as the head of audit committee had no significant relationship with the firm performance. The study pointed out that independent NEDs are not able to perform their monitoring role effectively.

Pahuja and Bhatia (2010) determined the disclosure of corporate governance practices in 50 listed Indian companies. To study the extent the corporate governance disclosure, a CGDI was computed for the year 2006. The finding revealed that the governance disclosure differs among companies and was better in larger companies. The reason are that the larger companies have rich information environment; have more resources; are more exposed to political costs; and may require more impression among the stakeholders. The study concludes that apart from the SEBI's efforts to strengthen the corporate governance practices in India, more efforts are required on the part of companies to disclose world-class information.

Renders, Gaeremynck, and Sercu (2010) studied the relationship of corporate governance rating and firm performance of 300 European companies. The corporate governance data of five year period from 1999 to 2003 was used. The study provided evidence of positive and significant relationship of corporate governance ratings and firm performance. It was also found that improvement in corporate governance ratings result in decreased marginal benefits in terms of performance. The study suggests that soft laws and the invisible hand of the markets leads to improvement in corporate governance.

Uadiale (2010) examined the impact of board structure on financial performance of Nigerian companies. The data was collected for a sample of thirty companies listed on Nigerian Stock Exchange for the year 2007. The findings of the study revealed that board size and composition had strong positive association with financial performance. Whereas, directors' stockholding found to be negatively associated with financial performance measures. The CEO duality had negative relationship with ROE and strong relationship with Return on Capital Employed (ROCE). It was suggested that large board size should be encouraged and outside directors on board should be sustained to enhance firm performance.

Yammeesri and Herath (2010) examined the impact of board structure on firm performance with a sample of 245 Thai non-financial listed companies in 2004. The results of the study showed that neither independent directors nor grey directors are the significant determinants to improve firm value. It was found that a larger proportion of inside directors on the board leads to greater firm value, whereas board size had no significant relation with firm performance. Further, a negative relationship was found between CEO duality and firm value. The findings of the study also provided direction to the top managers in deciding the Board structure.

Ammann, Oesch, and Schmid (2011) studied the linkage between corporate governance and firm value of 6663 firms from 22 developed countries over the time period of 2003-2007. The study constructed CGI covering 64 different governance attributes. These governance attributes were classified into six categories i.e. board accountability, remuneration, financial disclosure and internal control, market for control, shareholder rights, and corporate behavior. The analysis provided evidence of strong and positive relationship of corporate governance with firm valuation. Overall the results of the study indicated that better corporate governance practices were reflected in statistically and significantly higher market values.

Cheung, Connelly, Jiang, and Limpaphayom (2011) investigated the relation between quality of corporate governance practices and market valuation among large listed companies in Hong Kong. The CGI was constructed to assess the quality of corporate governance practices of 255 Hong Kong nonfinancial largest companies from 2002 to 2005. The analysis revealed a positive and significant relation between changes in the quality of corporate governance practices and subsequent changes in the market valuation. In addition to this, the impact was greater for those firms that were included in the MSCI (Morgan Stanley Capital International) index or have affiliation with China. The results of the study provided evidence in support of the notion that good corporate governance can predict future changes in market values.

Chugh, Meador, and Kumar (2011) examined the relationship between corporate governance and financial performance of 41 Indian listed firms for the year 2009. The governance characteristics considered in the study were board size, board autonomy and CEO duality. The study found that board size and financial performance were positively and significant related. It is believed that larger board size enhances firm performance by creating better opportunities and more resources. Whereas, proportion of independent directors and CEO duality had a negative but significant impact on firm performance. The study directed that an excessive autonomous board with larger proportion of independent directors lowers the firm performance. CEO duality also creates additional costs and impairs performance of the company.

Sanan (2011) provided an understanding of corporate governance disclosure levels of Indian companies in the private and public sector. The study compares and contrasts corporate governance practices of public and private sector companies by developing a Corporate Governance Disclosure Score (CGDS). A sample of 77 companies belonging to eight industries (48 private sector companies and 29 public sector companies) was selected for the year 2009. The results showed that there was a significant difference between the CGDS of public and private sector companies in India. Moreover, a significant difference was found between CGDS among various sectors in the case of private sector companies and no significant difference was found in the case of public sector companies.

Sengur (2011) analyzed the relationship between corporate governance and performance in two different models. First, performance measures of companies at the first year in the Corporate Governance Index (t_1) and the preceding year (t_0) were compared. Secondly, it studied that whether CGI companies perform better than non-CGI companies which are listed on Istanbul Stock Exchange for the year 2010. The sample of non-corporate governance index companies comprised of 36 companies. The results showed that there was no significant difference in performance of CGI companies and non-CGI companies. Moreover, no significant difference was found in the performance of CGI companies between the first year (t_1) and the preceding year (t_0).

Yasser, Entebang, and Mansor (2011) comprehensively studied the impact of corporate governance mechanisms on firm performance of 30 listed companies on KSE for the year 2008 and 2009. The findings revealed that there exists a positive and significant relationship between firm performance and board size, board composition, and audit committee. On the other hand, CEO duality does not have significant impact on its firm performance. The study suggested that the size of the board should be limited and board should be a right mixture of executive and non-executive directors.

Black, Carvalho, and Gorga (2012) conducted a case study of Brazil that aimed to survey the corporate governance practices in 2004. The study further extended by studying the BRIK nations i.e., Brazil, Russia, India, and Korea. A board corporate governance index was constructed for each country, covering six sub-indices namely, board structure, board procedures, ownership structure, disclosures, related party transactions and minority shareholders rights. The study firstly examined the relationship between Brazil Corporate Governance Index (BCGI) and lagged firm market value (Tobin's Q). In context to Brazil, it was found that there was an economically significant relationship between BCGI and firm market value. Moreover, only three sub-indices i.e. board procedure, ownership, and minority shareholder rights significantly predicted Tobin's Q. Across the BRIK countries, the relationship was significant in small and high-profitability firms. It was found that board independence predicted higher market valuation in Korea, lower in Brazil, and was insignificant in India.

Braga-Alves and Morey (2012) in their study investigated the factors that predicts corporate governance changes and the level of corporate governance itself in 24 emerging markets. For this study, a dataset of monthly corporate governance ratings of firms for almost seven years from 2002 to 2008 was taken. Through time-series data, the direction of change in firm's corporate governance was determined along with the timing of these changes. The study found that as firms grow, their governance practices are more likely to improve and, secondly, the level of political risk is negatively and significantly related with level of firm governance but positively and significantly related to changes in governance. The study concluded that the firm governance was better in countries with lower political risk, but firms were more likely to improve their governance in countries with higher political risk.

Guo and Kumara (2012) documented the influence of corporate governance on firm performance of 174 Sri Lankan listed companies for the year 2010. The study provided evidence of negative relationship of board size and proportion of NED with firm value. It was also found that CEO duality and director shareholdings had no significant impact on firm performance in Sri Lanka.

Hamid, Aziz, Dora, and Said (2012) determined the intensity of corporate governance reporting and disclosure of top 250 listed companies in Malaysia. It also examined the relationship of CG reporting with firm performance. For this purpose, the CGDI was constructed for the year 2009. The study revealed that there was no specific pattern of governance reporting and disclosure index among the companies. The study unveiled that there exists a weak negative relationship between CGDI and firm performance. It was reported in the study that corporate governance mechanisms in Malaysia not only enhances the firm performance, but also an important element for directors to perform their oversight responsibilities and efficiently monitor the management.

Needles, Turel, Sengur, and Turel (2012) in their study examined and compared the corporate governance practices of Turkish High Performance Companies (HPCs) and lower performing Ordinary Companies (ORDs). A Corporate Governance Scorecard of 60 companies was developed consisting of 54 key governance parameters for the year 2010. The corporate governance scorecard was grouped into four sub-categories namely, shareholders, stakeholders, public disclosure and transparency, and board of directors. The study found that both HPCs and ORDs scored moderate measures of corporate governance. In spite of this, HPCs applied superior corporate governance practices as compared to ORDs and the differences were found to be statistically significant.

Pillania (2012) studied the corporate governance practices of top 100 companies in India. For this purpose, ten year time period from 1990 to 2008 has been taken. It was found that companies of all the industries practice some sort of corporate governance. Except Satyam, the corporate governance practices has a positive impact on the performance of all the companies. The findings further showed that some companies in metals and minerals sector did not follow transparency in their board composition, disclosure and remuneration practices. Most companies followed the disclosure practices only up to that point where the company's interest are not harmed. The reasons for practicing the corporate governance mechanisms by the Indian companies are:

- Interests of various stakeholders
- Competitive advantage or building the brand reputation
- Manufacturing/chemical/fertilizer industry have certain incentives to follow the CG practices in the form of carbon credits.
- CG in parent companies helps in proper synchronization of different divisions and proper allocation of resources.

Saravanan (2012) investigated the impact of corporate governance on firm value of the manufacturing firms in India. He also analyzed the differences in the corporate governance practices between manufacturing companies and non-manufacturing companies. A sample of 1732 firms were selected and the data was collected for ten years from 2001 to 2010. Corporate governance indicators used in the study were: board size and board composition and firm value was measured in terms of Tobin's Q. It was found that the firm value was significantly affected by the corporate governance variables for manufacturing firms. Also, significant differences in corporate governance was found between manufacturing firms and non-manufacturing firms.

Sarkar, Sarkar, and Sen (2012) in their study constructed CGI of 500 large Indian companies from 2003 to 2008 and examined the relation of CGI with the market performance of companies. The analysis of the CGI and its components for the six years documented a rising trend in the level of governance practices of Indian companies. Further, the results found a strong association between CGI and the market performance. This indicates that the investors perceive a well governed company as less risky and are willing to provide capital at low cost. The empirical analysis showed that the companies with higher values of CGI earned substantially high rates of return in the market. The Indian markets tend to reward those companies that carry out governance reforms.

Varshney, Kaul, and Vasal (2012) explored the relationship between CGI and firm performance for a sample of 105 Indian companies. The firm performance variables used were: EVA, Return on Net Worth (RONW), ROCE and Tobin's Q. It was evident from the study that positive relationship exists between CGI and firm performance, only when EVA was used as performance indicator.

Yusoff and Alhaji (2012) investigated the relationship of corporate governance with firm performance of 813 listed companies of Malaysia from 2009 to 2011. The corporate governance variables studied were: proportion of NED, board leadership structure, and board size and the firm performance was measured through Earnings Per Share (EPS) and ROE. On the basis of analysis, it was discovered that board size and proportion of NED enhances the firm performance, whereas board leadership structure had no significant impact on firm performance. The study reported that the factor responsible for high performance of companies was their diversification and adoption of good corporate governance practices. The study concluded that investors considers good corporate governance practices important while making their investment decisions, that ultimately affects firm performance.

Aggarwal (2013) investigated the impact of corporate governance on financial performance of 20 non-financial companies that were listed on S&P CNX Nifty Index. The study was conducted for the year 2011 and 2012. The study revealed that corporate governance ratings had positive and significant impact on its financial performance. It was suggested that companies should understand that improving governance and sustainability performance was as important as improving the financial performance.

Gull, Saeed, and Abid (2013) explored the effect of corporate governance measures on companies' financial performance in Pakistan. A sample of 137 listed companies of textile industry for a period of five years from 2007 through 2011 was considered. The corporate governance measures considered for the study were: board size, outside directors, and CEO duality. The findings of the study revealed a positive effect of board size on firm performance, whereas, NEDs percentage and CEO duality were found to have a negative relationship with firm performance. The study overall found a positive relationship of corporate governance mechanism with firm performance in textile sector of Pakistan. The study reported the reasons for not having a favorable relationship of outside directors with organization's overall performance. The one reason might be that companies had already followed the Pakistan's Code of CG and the restrictions imposed by stock exchanges, so NEDs do not make any difference in overall performance of companies. The second reason may be that NED were hired in order to fulfill the regulatory requirements and they do not have the knowledge about the firm or industry. The study suggested that managers and directors of large corporations should follow high standards of governance mechanism. Besides, the investors of the company before investing should know the governance matrix of the company.

Karpagam (2013) explored the relationship between corporate governance factors and firm performance of the 50 Indian companies listed on NSE from the year 2005 to 2012. The analysis revealed that there was no significant relationship found between corporate governance factors and firm performance. The author pointed out that board performance improves with appointment of more qualified independent and grey directors, which ultimately leads to better performance of firms.

Mitra (2013) highlighted the corporate governance practices followed by Aluminium Industry in India. To assess and compare the corporate governance standards, a CGI was prepared for three companies namely, Hindalco, Nalco and Malco for the year 2011-12. The corporate governance standards, and quality of disclosures by the Indian Aluminium industry were found to be satisfactory.

Motwani and Pandya (2013) evaluated the impact of corporate governance on performance of 25 Indian firms over for the period of five years. The performance variables studied were: ROCE, RONW, EPS, D/E (Debt to Equity) Ratio, P/E Ratio, and P/B Ratio. The corporate governance score was calculated by using a corporate governance assessment model. The study concluded that corporate governance in India had still a long way to go, to influence its performance. The study revealed the fact that corporate governance does not matter to investors as they prefer sales and profit over other variables.

Munisi and Randoy (2013) examined the extent to which listed companies across Sub-Saharan African countries had adopted good CG practices. They investigated the relationship of corporate governance practices with companies' financial performance. The sample of companies for the study was 10 and study period was from the year 2005 to 2009. The findings of the study indicated that the companies had partly implemented good governance practices. The results further revealed that there was a positive relationship between CGI and accounting performance, whereas negative relationship was found between the CGI and market valuation. When the CGI sub-indices was studied, it was found that sub-indices related to board of directors and the audit committee were positively and significantly associated with accounting performance. However, a negative and significant association was found between audit committee sub-index and market valuation.

Pandya (2013) studied the impact of corporate governance practices on firm performance of 25 Indian companies over the period of five years from 2008 to 2012. The study unveiled the fact that corporate governance had no significant impact on firm's profitability. The corporate governance in India has still a long way to go, to influence the firm performance.

Sharma (2013) examined the governance practices in the two major industries i.e., Auto Industry and Heavy Engineering Industry in India. The sample size of the study covered 19 companies, comprising 12 Auto Companies and 7 Heavy Engineering Companies and period of the study is five years (2003-04 to 2007-08). The results showed that corporate governance standards in Heavy Engineering Sector companies was better as compared to Auto Sector companies. Further, no significant difference was found in the corporate governance scores of both the industries.

Adekunle and Aghedo (2014) examined the linkage between corporate governance mechanisms and financial performance of 143 firms in Nigeria. The findings of the study revealed that there existed positive and significant relationship between composition of board members, board size and firm performance. This implied that as firm maintain sizable number of internal and external directors, the firm's financial performance increases. The study recommended that companies' board should be majorly dominated by independent directors and board size should be in line with corporate size and activities. CEO status had positive but insignificant relationship with financial performance, whereas no significant relationship was found between ownership concentration and financial performance. The study pointed out that high ownership concentration tends to create more pressure on managers to maximize the shareholders' value. Whereas at low levels, an increase in concentration may enhance the firm value, but beyond that level, it might be negative.

Bhardwaj and Rao (2014) investigated the corporate governance practices of 48 companies listed on CNX Nifty Index. To conduct the study, annual reports of the companies for the years 2010-11 and 2011-12 have been used. The results of the study revealed that the mandatory provisions of revised Clause 49 were followed by most of the companies. Beyond the mandatory provisions, few companies such as Infosys, Bajaj Auto, Dr. Reddy etc. also followed voluntary corporate governance guidelines 2009 as a good CG practice.

Dembo and Rasaratnam (2014) through case study approach, analyzed the corporate governance practices of an oil company in Nigeria; Oando Plc. for the year

2010 to 2012. An index was prepared to evaluate the standard and quality of corporate governance practices in the company based on the disclosures made in the annual reports. The findings showed that the company performance was "excellent" during the study period.

Dian (2014) analyzed the relationship between corporate governance and firm performance from a sociological perspective. The sample consists of 676 Chinese listed companies for the period 1997 to 2007. The variables used to measure firm performance were ROA and Tobin's Q. The findings revealed that institutional investors played a significant role in corporate governance. Further, CEO separation does not improved firm performance of Chinese listed companies. It was also found that proportion of outside directors do not have significant relationship with firm performance.

Gupta and Sharma (2014) studied the impact of corporate governance practices on firm performance in India and South Korea for the year 2006 to 2013. The corporate governance parameters considered in the study were: Board structure, different committees, and disclosure of information. The study confirmed that India followed more stringent corporate governance practices as compared to South Korea. The study found huge difference in mandatory disclosures and governance practices among these two countries. Further, the impact of corporate governance practices was observed on the share prices of the companies, but this impact was very limited on both the share prices of the companies as well as on their financial performance.

2.1.2 Studies on Role and Perception of Various Stakeholders on Corporate Governance

Shleifer and Vishny (1997) in their research argued that legal protection of investors is an essential element of corporate governance. Countries like USA, Germany and Japan which have successful corporate governance systems, combined significant legal protection of some investors with an important role for large investors. As a result, this combination separates them from governance systems. This provides extremely limited legal protection of investors. The study also reveals that it is not possible to tell which one of the successful governance systems is best.

Tsui and Gul (2003) reported institutional investors' attitudes on corporate governance standards in Hong Kong. The study indicated that corporate governance along with the quality of management, content of financial statements, corporate strategy and future financial performance were the important factors that investors considers in their investment decisions. It was reported in the study that all the institutional investors agreed that corporate governance would lead to better firm performance. The investors believed that some of their investee companies had corporate governance standards that are comparable to international standards.

Cannell (2004) had conducted interviews with 27 institutional investors to determine their views on the role of corporate governance while making investment decision. It was observed that some of the respondents had limited knowledge about their firms' corporate governance. The bad market experiences due to corporate failures had prompted investors to pay more attention to corporate governance issues. In investors view, the corporate governance is one of the important factor when choosing an investment. More than half of the respondents supported the separation of the chairman and CEO roles. The independence in corporate governance was highly valued by investors.

Mohanty (2004) studied the role of institutional investors in the corporate governance system in India. The study revealed that companies with good corporate governance had performed better as compared to companies with poor governance system. The DFI and mutual funds (other than UTI) also extended loans or made investment in those companies that are having good governance practices. However, the study revealed that institutional investors invested in those companies that have good financial performance rather than corporate governance records of the companies.

Larbsh (2010) evaluated the perception of different stakeholders' regarding corporate governance practice in Libya. A total of 195 responses were received from different stakeholders i.e., academic staff, external auditors, investment advisors of banks, company employees, government officials, and investors; and 10 semi structured interviews were conducted with policy-makers. The findings of the study revealed that the corporate governance framework in the country was less-developed.

The principles of corporate governance was absent in the country which led to weak accountability and responsibility process. The respondents pointed out that the Board of Directors needs to be more responsible and should act on behalf of the stakeholders. The results also indicated that the stakeholder's model of corporate governance is more acceptable in Libyan context.

McCahery, Sautner, and Starks (2010) conducted a survey of institutional investors from multiple countries to elicit their views on investor protection and corporate governance. From the responses of 118 investors, it was revealed that corporate governance is important to their investment decisions and the majority of them are willing to engage in shareholder activism. It was also found by examining the institutional investors' portfolio holdings that their investment decisions appears to be related to their revealed preferences.

Natarajan (2011) identified the perception of stakeholders towards corporate governance practices in Indian software companies. A sample consists of 530 investors of Chennai belonging to software companies namely Infosys, Wipro, Tata Consultancy Services (TCS), Hindustan Computers Limited (HCL) and Mahindra Satyam. The findings of the study indicated that Infosys and Wipro were on the high side of the investors' perception of satisfaction level. TCS and HCL were on moderate and Satyam stood at the low level. It was found that majority of the respondents who belonged to TCS, HCL and Satyam required more exposure on corporate governance practices.

Sharma and Sachdeva (2011) analyzed the perception of investors with regard to corporate governance in India. The responses of 247 investors had been collected on four parameters namely, role of regulatory authorities in ensuring corporate governance, corporate practices, stock market functioning, and behavior of stock market intermediaries. The results of the study revealed that the investors opined that the regulatory authorities were not able to provide the effective regulatory environment for ensuring corporate governance. However, respondents were satisfied with the behavior of stock market intermediaries. This might be due to capital markets reforms which ensure more transparency in dealing with intermediaries and promptness in settlement of account. Further, respondents have been of the view that corporate practices are not investor friendly. Moreover, as per the respondents stock exchanges do not work in the best interests of investors in general. The authors pointed out that the basic reason behind this might be the delisting of companies by stock exchanges in case of any violation of listing agreement. The paper concluded that the investors were of the opinion that in order to ensure effective regulatory environment, the stock exchanges should take disciplinary actions against the directors.

Surendar and Rao (2011) identified the perception of the retail investors towards the corporate governance reports, its impact on them and the role of it in investment decision making process. The study collected the responses of 500 retail investors through questionnaire survey. The findings revealed that majority of the respondents were aware of corporate governance and were getting the reports. These reports have been used by them in their investment decision making.

Bhalla (2012) studied the perception of different levels of executives towards corporate governance in India. The study also compared the governance practices of different public and private sector companies and examined the relation between the performance of companies and satisfaction of the investors in lieu of good governance practices in India. The findings of the study indicated that the corporate governance practices of both public sector and private sector companies were almost similar. It was observed that the corporate governance practices exerted great influence on the performance of the company. The companies that had good governance system had good image among the investors and the public as a whole.

Confederation of Indian Industry (CII) and Institutional Investors Advisory Services (IIAS) (2012) had conducted a survey to determine the perception of institutional investors' on corporate governance in Indian companies. It was observed that 84% of respondents considered corporate governance important for overall assessment of target companies. While, 94% of respondents' associated good corporate governance with higher shareholder returns. Majority of the respondents rated corporate governance mechanism as ineffective in India. They had very low tolerance for bad corporate governance and were ready to leave the company when it commits an act of bad corporate governance.

Khanna and Zyla (2012) conducted an investor survey on corporate governance in emerging markets. This survey aimed to focus on the importance of specific corporate governance issues for investors in emerging markets. A total of 29 respondents agreed that corporate governance is a critical factor in making their investment decisions. Moreover, all the investors agreed that they would pay higher premium for good governed firm in an emerging market firm as compared to poorly governed firm in the same emerging market. Whereas, more than half of the respondents said that they would pay at least 10 percent more for a better governed firm.

Manawaduge (2012) examined the perception of stakeholders on corporate governance practices in Sri Lanka. For this purpose, questionnaire survey was conducted on 277 different stakeholders groups. The results showed that majority of the respondents agreed that sound corporate governance practices improves financial, market and social performance of companies. Stakeholders were of the opinion that country's corporate governance was not up to their expectations. The major problems identified by the respondents were: lack of education and awareness, inadequate regulation and enforcement, lack of transparency, inadequate protection of minority shareholders, political interferences, and insider trading.

Alleyne, Weekes-Marshall, and Broome (2014) examined the accountants' perception on corporate governance practices in listed Barbadian companies. With a survey of 82 respondents, it was revealed that the board of directors, auditors and professional accountants were the important mechanisms for effective corporate governance. The respondents considered board room culture, timely provision of relevant information, qualifications and independence of directors vital to enhance board effectiveness. Further, the findings indicated that the high ownership concentration in family owned firms, interlocking directorates, weak regulatory systems and the cultural issues influenced the effectiveness of governance mechanisms.

Banu (2014) examined the impact of shareholders perception about the corporate governance practices on their investment decisions. A total 400 questionnaire responses were received from the investors living in Hyderabad and

Secunderabad. The findings of the study indicated that there was an impact of corporate governance practices of the company on the investment decisions of the investors. The study further revealed that investors perceived corporate governance as an investor protection mechanism.

Bell, Filatotchev, and Aguilera (2014) explored the stock market responses on corporate governance mechanisms by focusing on foreign IPOs (Initial Public Offerings) in the U.S. The study demonstrated that how different combinations or bundles of monitoring and incentive-based corporate governance mechanisms in foreign IPO leads to the same level of investor perceptions of firm value. The results showed that there is no universal governance bundle that leads to high level of investors' value perceptions. Secondly, the institutional factors have an impact on the composition of governance bundles that leads to the same level of investor valuations. It means that while evaluating IPO firms, the investor's takes into account the institutional factors, firm-level governance mechanisms and contextual factors.

Brink (2013) provided evidence regarding nonprofessional investors' perception on importance of corporate governance and how specific corporate governance items influence their perceptions of corporate credibility. The survey was limited to 438 participants. To conduct the study, four broad categories of corporate governance were identified, namely, board of directors, ownership and compensation, investor rights, and audit. The results revealed that investors perceived audit related mechanisms to be the most important corporate governance mechanisms.

Sachdeva (2014) analysed the perceptual responses of 46 company secretaries on corporate governance in India. The parameters included in the study were related to concept and practices of corporate governance, and problems encountered in implementation of corporate governance norms. Majority of the respondents agreed that the stock exchanges is effective in bringing improvement in corporate governance practices. On the basis of survey results, the author concluded that the 'moral development of corporation' and 'disclosure and transparency' were important aspects that defined corporate governance. The important objectives of corporate governance considered by the professionals as important were the investors' protection and prohibition of child labour. Moreover, audit committee and board of directors as internal mechanisms and stock exchanges and SEBI as external mechanisms, were considered important to ensure good governance. The respondents were also of the view that regulatory authorities should get involved in the appointment of directors of the company.

2.1.3 Studies Related to Investment Pattern of Investors

Lewellen, Lease, and Schlarbaum (1977) in their study identified the patterns of investment behavior by using data obtained from questionnaire survey. For analyzing the patterns of investment, the variables employed in the study were investment goals, decision methods and technique choices, portfolio composition results, and portfolio evaluation. The demographic attributes were: age, gender, marital status, educational attainment, occupation, income, and family size.

Kabra, Mishra, and Dash (2010) measured the investment pattern of individual investors on the basis of their age and gender. To analyze the investment pattern of individual investors, a total of 18 statements were identified. Through factor analysis, the authors reduced these statements into six factors. The six factors of investment pattern identified and named were: safety, opinion, awareness, hedging, duration, and benefits. The factor 'security' contained variables related to future needs which may be any emergency or known. The factor 'opinion' contained variables related to suggestions from other persons (peers, financial expert or any share brokers) before making any investment. The factor 'awareness' contained variables related to investors awareness about various financial plans and their basic knowledge about how to invest. The factor 'hedging' contained variables related to precaution of risk. The factor 'duration' contained variables related to time duration of investment. Finally, the factor 'benefits' included variables related to benefits of investment like tax benefits, capital growth, protection from inflation, etc.

Patidar (2010) studied the behavior of investors towards the share market in the Dhar district of Madhya Pradesh. A questionnaire survey was conducted on 80 respondents. The data obtained from the survey indicated that 53.75% investors invests their money through share brokers. Whereas, 7.5% investors invests on the basis of newspaper information, 13.75% investors invests on the analysis of magazines, and 6.25% investors on the basis of own research.

Arjunan and Jayanthi (2014) studied the investment pattern of investors while analyzing their perception towards the performance of Indian credit rating agencies. The variables of investment pattern studied were: amount of annual investment, preference of investment avenues, volatility in the value of investment, factors influencing in investment decisions, and mode of accessing investment portfolio.

Geetha and Ramesh (2012) investigated the significance of demographic factors of investors on investment decisions. The investment decisions variables considered were: characteristics of investments, period of investment, frequency of investment, and reach of information source. The information source may vary like self-awareness, financial advisors, brokers, friends and relatives, and media. The investment frequency may be weekly, monthly, quarterly, half-yearly and annually. The demographic characteristics of respondents consists of gender, age, occupation, education, income, savings and size of the family. The study revealed that the demographic factors have a significant influence on some of the variables of investment decision.

2.2 Research Gap

The review of literature on corporate governance shows that considerable amount of empirical work has been done in developed and developing countries as compared to India and it is not possible to generalize the findings of those studies for other countries. In India, during the last decade a number of studies have been conducted in the area of the corporate governance. The research in this area is increasing each year which reflects a steady and growing interest in the field of corporate governance in India. According to Raja and Kumar (2007), the empirical evidence concerning the possible association of corporate performance and corporate governance is extremely limited. Most of the previous studies linked single or few corporate governance attributes with firms' performance. Also the researches in India have examined firm's corporate governance practices as of a particular year. There is a dearth of literature that assesses the relationship of overall corporate governance practices followed by companies with firms' performance over a period of time. Further, few studies have been carried out on investors' perceptions regarding corporate governance worldwide. However, there is a scarcity of research related to investors' perception in Indian context.

Hence, the present study makes an attempt to fill these gaps. It aims to investigate the corporate governance practices followed by Indian companies and the relationship between overall corporate governance practices and financial performance over a period of time. The study further focuses on the investors' perceptions towards corporate governance practices followed by selected Indian companies.

2.3 Need and Significance of the Study

Increased number of corporate scandals worldwide coupled with global financial crisis have caused corporate governance to be the centre of attention among the academic scholars and policymakers. Investors believe that good governance practice is a key determinant of whether they should invest in a particular company or not. Therefore, there is a need to strengthen the corporate governance practices in India in order to restore investors and other stakeholders' confidence and to bring down the agency costs.

The present study assumes all the more significance and necessity as it undertakes to go into those aspects of corporate governance which have remained unaddressed so far. The aforemade literature review highlights the unattended issues in various studies, both domestic and international, relating to the corporate governance. The appraisal of the pertinent published literature reflected that the studies made so far in the area of corporate governance were mostly one-aspect centric. Besides, these studies were restricted in contents, dimensions and coverage of multifarious issues involved in corporate governance. Unexplored remained the impact of corporate governance on the attitude, interest and confidence of the stakeholders in the corporation itself, while the impact of corporate governance on the overall performance of the corporation had received scant attention and remained under-explored.

Significantly, the present study goes far and deep into the issues related to corporate governance. The study not only deals afresh with the conceptual aspect of corporate governance but also breaks new ground by examining the effectiveness of corporate governance practices in Indian companies. The study, moreover, embarks upon the important aspect of corporate governance in as much as to examine and gauge the investors' perception of the corporate governance and its effect on their decision making.

Through this study, an attempt is made to suggest improvements in the prevalent corporate governance practices in Indian companies. This will raise the corporate governance standards in the country to a new high level and would definitely strengthen the confidence of the investors.

2.4 Objectives of the Research

The present research is being conducted with the following objectives:-

1. To go through the concept of corporate governance and codes of practice.
2. To evaluate the corporate governance practices of selected Indian companies in terms of corporate governance score.
3. To examine the impact of corporate governance practices on financial performance of selected Indian companies.
4. To identify the awareness of investors regarding the concept of corporate governance.
5. To analyze the perception of investors towards the corporate governance practices followed by the selected Indian companies.
6. To suggest measures to make corporate governance more effective.

2.5 Research Hypotheses

Based on the research objectives, the study endeavours to test the following hypotheses:

$H_0$1: There is no significant impact of corporate governance score on financial performance of TCS Ltd.

$H_0$2: There is no significant impact of corporate governance score on financial performance of ONGC Ltd.

$H_0$3: There is no significant impact of corporate governance score on financial performance of Reliance Industries Ltd.

$H_0$4: There is no significant impact of corporate governance score on financial performance of ITC Ltd.

$H_0$5: There is no significant impact of corporate governance score on financial performance of Infosys Ltd.

$H_0$6: There is no significant difference in the awareness of the concept of corporate governance among the investors of different companies.

$H_0$7: There is no significant difference in the awareness of the concept of corporate governance across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

$H_0$8: There is no significant difference in the perception of investors towards corporate governance practices across different companies.

$H_0$9: There is no significant difference in the perception of investors on discipline across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

$H_0$10: There is no significant difference in the perception of investors on disclosure and transparency across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

$H_0$11: There is no significant difference in the perception of investors on shareholder rights across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

$H_0$12: There is no significant difference in the perception of investors on corporate governance effectiveness across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

$H_0$13: There is no significant impact of investors' perception towards corporate governance practices followed by the companies on their investment pattern.

2.6 Research Methodology

The role of the research methodology is to carry out the research in systematic and scientific manner. The present study is aimed at measuring the corporate governance practices followed by the selected Indian companies and to evaluate its impact on the financial performance of the selected companies. In addition to this, the study analyses the perception of investors towards the corporate governance practices followed by the selected Indian companies. In the light of this, the research methodology has been adopted appropriate and commensurate to achieve the objectives and test the hypotheses. The study is survey based conducted through structured questionnaire, derives the data from both primary and secondary sources, uses statistical tools to analyse and interpret facts and figures, and applies appropriate statistical tests to establish reliability of results. A detailed description of each element of research methodology is presented below:

1. Sources of Data

The study is a combination of both primary sources and secondary sources of data. The secondary data with respect to corporate governance practices is mainly collected from the annual reports of the selected companies. The financial data of the companies and other variables data have been mainly extracted from Prowess Database, Centre for Monitoring Indian Economy (CMIE) accessed from Jawaharlal Nehru University, New Delhi. The websites of the companies, journals, periodicals, newspapers, books, press releases, company newsletters, are also used as a secondary source of data collection.

For primary data collection, a survey has been conducted through structured questionnaire. The questionnaire has been formulated to analyze the perception of investors towards corporate governance practices followed by the selected companies. The questionnaire has been designed to capture the respondents' demographic profile, investment pattern, awareness about the concept of corporate governance, and perception of investors towards corporate governance practices. The Likert's 5 point scale method is employed in the questionnaire in which the respondents is asked to tick the appropriate box from 1 to 5, where 1 represents strongly disagree, 2 represents disagree, 3 represents neither disagree nor agree, 4 represents agree and, finally 5 represents strongly agree. The respondents are surveyed who are living in Delhi and NCR region. The questionnaire is pre-tested among some selected respondents and required changes have been incorporated at the time of framing final questionnaire.

2. Population and Sample Size

In case of secondary data study, the population for the selection of companies constitutes the companies listed on BSE Sensex. The selection of the companies is made on the ground that the BSE Sensex represents a proper mix of companies from possibly all industries and their scripts dominate and influence the stock market movement of the country. Further, these companies are considered as reputed, financially sound and have well-traded stock. The sample size of the study consists of five companies having high market capitalization (as on 26 September, 2014). The complete list of BSE Sensex companies with market capitalization is provided in Annexure-I. The companies having high market capitalization selected for the study are: Tata Consultancy Services (TCS) Ltd., Oil and Natural Gas Corporation (ONGC) Ltd., Reliance Industries Ltd. (RIL), ITC Ltd. and Infosys Ltd. The company Coal India Ltd. is dropped from the selection list as the company became listed in the year 2010 and goes beyond the time span considered for the study. The purposive sampling method has been applied while selecting the sample size.

For primary data study, the population for selection of investors as respondents to questionnaire constitutes the investors living in Delhi and NCR region. Since the total number of investors of selected companies is too large, it is not possible to collect data from the entire population. Cochran (1977) has developed a formula for calculating the sample size when the population size is infinite. The formula is:

$$n_0 = \frac{z^2 pq}{e^2}$$

Where, n_0 is the sample size; z is the selected critical value of desired confidence level; p is the estimated proportion of an attribute that is present in the population; q is equal to 1-p; e is the level of precision. The degree of precision is the margin of permissible error.

According to the Cochran (1977) formula, the sample size at confidence level of 95% and at .05 level of precision, is 384. The size of final sample for questionnaire based survey is fixed at 410 out of a total of 500 after considering the adequacy of the response, population size, confidence interval and level of precision. The convenience sampling method has been used as sampling procedure to select the respondents. From each selected company, 100 investors have been chosen for the study to distribute the questionnaires. A total of 500 questionnaires were distributed among the investors of all the five selected Indian companies, out of which a total of 410 questionnaires were returned.

3. Duration of the Study

The secondary data is collected and compiled for the period of nine financial yeais starting from 2005-06 to 2013-14. The period of the study has been taken up from 2005-06 because from the year 2005-06, it became mandatory for the companies to follow the revised clause 49 of the listing agreement which came into effect from January 1, 2006. In case of primary data study, the time period is only the year 2014-15. The primary data is collected during the period from November, 2014 to March, 2015.

4. Data Collection Instrument

The primary study has been conducted with the help of well-designed structured questionnaire, which is placed in Appendix-II. The questionnaire consists of four sections. The first part of the questionnaire is associated with the demographic profile of the investors. The second section of the questionnaire comprises of three questions related to investment pattern of the investors. The third section of the questionnaire includes the questions related to the awareness of investors about the concept of corporate governance. The last section of the questionnaire contains a total of twenty four questions to evaluate the perception of investors towards the corporate governance practices followed by the companies. The statements related to perception of investors are grouped under four attributes, namely Discipline, Disclosure and Transparency, Shareholder Rights, and Corporate Governance Effectiveness.

5. Variables and Proxy Measures

➢ *Corporate Governance Score*

The Corporate Governance practices is examined through the calculation of corporate governance score of each sampled company for each year. To arrive at a corporate governance score, several key parameters are considered which include Mandatory and Non mandatory requirements required by revised Clause 49 of the listing agreement as prescribed by Securities and Exchange Board of India (SEBI). In order to ascertain how far the companies have been compliant to governance standards a point value system has been applied, whereby adequate weightage in terms of points has been provided to each parameter according to their importance. Accordingly, each of these sampled companies has been awarded points on key parameters. These key governance parameters and the criterion for evaluation of governance standard have been selected on a 100-point scale (Annexure-III). The score is calculated on the basis of the information provided by the companies in their annual report to shareholders. Each company has been awarded a specified score if the company appears to have disclosed the concerned issue, and "0" if it is not disclosed. The score of each company has been aggregated to find out the total score of the company at the end of each year.

Evaluation of Governance Standard

After the analysis of governance structure, process and disclosures made by sampled companies on corporate governance, the companies under study have been ranked and graded depending upon the level of corporate governance scores secured by them (Das, 2008). The evaluation criteria is as follows:

Table 2.1: Methodology for Grading on the Basis of Corporate Governance Score

Score Range	Grading
86 – 100	Excellent
71 – 85	Very Good
56 – 70	Good
41 –55	Average
Below 41	Poor

➢ ***Financial Performance Variables***

The financial performance of a company can be measured by using two types of proxy measures—accounting-based measures and market-based measures (Combs, Crook & Shook, 2005; Dwivedi & Jain, 2005; Hoskisson, Hitt, Wan & Diu, 1999; Hult et al., 2008). The accounting based measures of firm performance are considered to be an effective indicator of the company's profitability and are more reliable as firms have to follow various national and international accounting standards while preparing the financial statements. The market-based measure of firm performance is characterized by its forward-looking aspect and it is considered as the reflection of the shareholder's expectations. In the light of this, Return on Assets (ROA) and Tobin's Q have been used as proxy to measure financial performance.

The description of these variables is given as follows:

Return on Assets (ROA)

Various researchers used ROA as firm performance measures in their studies. ROA is most commonly used accounting based measure of firm performance which tells the investors how well a company uses its assets to generate income. This measure of financial performance is the interest of all stakeholders of the company. Return on Assets is independent of company's capital and tax structure and hence is used quite often in corporate governance studies. Higher ROA shows that the company uses its assets effectively in serving shareholders' interests, whereas lower ROA indicates that the company is earning less money on high investment. Without higher ROA, it is almost impossible for a company to generate high return on equity. If a company has no debts, ROA and ROE will be the same.

ROA is measured as follows:

$$ROA = \frac{Profit\ After Tax}{Total\ Assets} \times 100$$

Tobin's Q

This ratio was developed by James Tobin in 1969. Various researchers have used Tobin's Q extensively in their studies as an indicator of market based performance measure. "Tobin's Q represents the value that investors put on in firm's shares above the total value of assets of the firm and thus represents investor's confidence which in turn is an indicator of the effectiveness of corporate governance mechanisms of the firm" (Dwivedi & Jain, 2005). Companies displaying Tobin's Q more than one is considered to be using scarce resources effectively, while those with Tobin's Q less than one are considered as using resources poorly.

Tobin's Q is measured as follows:

$$Tobin's\,Q = \frac{Market\ Value\ of\ Equity + Book\ Value\ of\ Preference\ Stock + Book\ Value\ of\ Debt}{Book\ Value\ of\ Total\ Assets}$$

In India, since debt is not freely traded in the market and assets are recorded at historical cost, therefore, Book Value of Debt and Book Value of Total assets is taken instead of Market Value.

- **Control Variables**

Apart from the governance characteristics, the firm performance depends upon various factors that operate through the product and the capital market. The literature highlighted that with the control of the effect of these factors, the spurious relationship with the variable of the interest can be avoided. Accordingly, a different set of control variables such as firm size, sales growth and asset tangibility is employed in accord with prior literature. These control variables have been considered in the regression analysis by various researchers. These control variables are discussed as follows:

Firm Size

Firms with larger size are generally expected to perform better due to the reasons that they have greater resources at their disposal, have greater diversification, have advantages of economies of scale, have availability of skilled task force, have access to new technology and cheaper sources of funds. In this study, firm size is measured by using natural logarithm of total assets for each year. For this variable, log transformation is used to correct for high degree of skewness in the firm size, to ensure that data is properly distributed. It takes care of the problem of heteroskedasticity and bring homogeneity in the data.

Sales Growth

Sales Growth as a control variable is derived from year to year increase in net sales for each firm. Firms with greater growth opportunities are likely to have different CG structures than firms with lesser growth opportunities. It is believed that increased net sales results in increased financial performance. Mak and Kusnadi (2005) suggested that sales growth is related to firm value, and the relationship between them is positive and significant. In this study, sales growth is measured as the percentage of sales growth on an yearly basis.

Asset Tangibility

Various studies used asset tangibility ratio to find out its relationship with firm performance. Asset tangibility is the ratio of net fixed assets divided by total assets. Firms with lower asset tangibility are expected to have higher proportion of intangible assets (e.g., human capital) generating the cash-flows. The tangibility of assets provides the level of collateral against any potential increase in leverage. The firm that invests more in tangible assets will have smaller costs of financial distress than a firm that invests on intangible assets.

Table 2.2 shows the measurement of variables along with the evidence from past studies that have been carried out in developed and developing economies.

Table 2.2: Measurement of Variables

Variables	Measurement of Variables	Evidences
Dependent Variable		
Return on Assets	Profit after tax divided by total assets	Hermalin & Weisbach, (1991); Chiang (2005); Bhagat & Bolton, (2008); Renders, Gaeremynck & Sercu (2010); Cheung, Connelly, Jiang & Limpaphayom (2011); Chugh, Meador & Kumar (2011); Guo & Kumara, (2012); Hamid, Aziz, Dora & Said (2012); Gull, Saeed & Abid (2013); Adekunle & Aghedo, (2014); Gupta & Sharma, (2014).
Tobin's Q	(MV of Equity+ BV of Preference Stock+ BV of debt)/ BV of Total Assets	Dwivedi & Jain, (2005); Black, Jang & Kim (2006); Garg (2007); Raja & Kumar, (2007); Omran, Bolbol & Fatheldin (2008); Dey & Chauhan, (2009); Balasubramanian, Black & Khanna (2010); Cheung, Jiang, Limpaphayom & Lu (2010); Shan & McIver (2011); Black, Carvalho & Gorga (2012); Pandya (2013); Yoo & Jung (2015).
Independent Variable		
Corporate Governance Score	100 point scale of mandatory and non-mandatory parameters.	Gupta, Nair & Gogula (2003); Das (2008); Sareen & Chander, (2009); Shukla (2009); Bhasin (2010); Joshi (2010); Mitra (2013); Pandya (2013); Rao (2013); Sharma (2013); Banu (2014).
Control Variables		
Firm Size	Log of Total Assets	Coles, McWilliams & Sen (2001); Black, Jang & Kim (2006); Cheung, Connelly, Limpaphayom & Zhou (2007); Garay & Gonzalez, (2008); Mashayekhi & Bazaz, (2008); Yammeesri & Herath, (2010); Ammann, Oesch & Schmid (2011); Chugh, Meador & Kumar (2011); Black, Carvalho & Gorga (2012); Aggarwal (2013); Munisi & Randoy (2013); Dian (2014).
Sales Growth	(Current Year Sales – Previous Year Sales)/ Previous Year Sales	Black, Jang & Kim (2006); Black, Love & Rachinsky (2006); Javed & Iqbal (2006); Balasubramanian, Black & Khanna (2010); Renders, Gaeremynck & Sercu (2010); Yammeesri & Herath (2010); Cheung, Connelly, Jiang & Limpaphayom (2011); Black, Carvalho & Gorga (2012); Munisi & Randoy (2013).
Asset Tangibility	Ratio of net fixed assets to total assets	Mishra, Randoy & Jenssen (2001); Randoy & Goel (2003); Maury & Pajuste (2005); Safarova (2010); Memon, Bhutto & Abbas (2012); Saravanan (2012); Pandya (2013).

Source: Compiled from prior studies

6. Data Analysis Techniques

The technique applied for secondary data analysis is multiple regression analysis. Whereas, the primary data collected by means of the questionnaire from the respondents has been processed, analyzed and conclusions were drawn by application of suitable statistical techniques with the help of Statistical Package for Social Sciences (SPSS version 19.0). The analysis of data begins with the descriptive analysis of demographic profile of the investors. Validity of the data has been tested through pilot study. Reliability of the data has been tested with the help of Cronbach's Alpha and factor analysis. After that, one way Analysis of Variance (ANOVA) and multiple regression analysis technique have been applied to test the hypotheses.

➢ ***Validity of Research Instrument***

Validity is defined as the extent to which any measuring instrument measures what it actually intends to measure. "One validates, not a test, but an interpretation of data arising from a specified procedure" (Cronbach, 1971). It does not mean validating the measuring instrument itself, but to measure the instrument in relation to the purpose for which it is being used. The validity tests can be, broadly categorized as: (i) Content validity; (ii) Criterion-related validity; and (iii) Construct validity (Sekaran, 2006). *Content validity* is the extent to which a measuring instrument provides adequate coverage of the topic under study. Bollen (1989) defined content validity as "a qualitative type of validity where the domain of the concept is made clear and the analyst judges whether the measures fully represent the domain". Content Validity can be determined by using a panel of persons who shall judge how well the measuring instrument meets its standards, but there is no numerical way to express it. *Criterion-related validity (or predictive validity)* refers to one's ability to predict some outcome or estimate the existence of some current condition. *Construct validity* is the most complex and abstract test of validity. "Construct validity refers to how well you translated or transformed a concept, idea, or behaviour – that is a construct – into a functioning and operating reality, the operationalization" (Trochim, 2006). Construct validity is determined with the association of a set of theoretical propositions with the results received by using measurement instrument. If measurements on the devised scale correlate in a predicted way with these propositions, then it concludes that there is some construct validity.

The validity of the primary data of this study has been tested by the method of pilot study. A draft questionnaire is designed based on key issues identified and is pilot tested in Delhi with a sample size of 50 investors. During pilot testing the questionnaires is also sent to few academicians and experts. Based on the pilot testing and suggestions received, the questionnaire is suitably modified before final administration on the investors.

➢ ***Reliability of Data***

"Reliability means that a measure or scale should consistently reflect the construct that it is measuring" (Field, 2009). It is the consistency of measurement or the degree with which an instrument measures the same way each time it is used under the same condition with the same subject. The most popular measure of scale reliability is Cronbach's Alpha. The Cronbach Alpha coefficient is an indicator of internal consistency and reliability of the scale. It measures the extent to which item responses obtained at the same time correlate highly with each other. A high value of Cronbach Alpha suggests that the items that make up the scale measure the same underlying construct. Cronbach's Alpha reliability coefficient normally ranges between 0 and 1. There is actually no lower limit to the coefficient. The closer the Cronbach's Alpha coefficient is to 1, the greater is the internal consistency of the items in the scale. "A value of Cronbach Alpha above .70 can be used as a reasonable test of scale reliability" (Nunnally, 1978).

➢ ***Factor Analysis***

"Factor analysis is a technique of statistically identifying a reduced number of factors from a larger number of measured variables" (Zikmund, Babin, Carr & Griffin, 2012). Factor analysis is also considered as a data reduction technique whereby a researcher summarizes the information from many variables into a reduced set of variates or composite variables. It simplifies decision making by identifying the variables from a large set of variables which might be considered important. Factor analysis is of two types:

- *Exploratory Factor Analysis (EFA):* It is performed when the researcher do not have a pre-defined idea about how many factors may exist among a set of variables. The aim of EFA is to discover the main dimensions or constructs.
- *Confirmatory Factor Analysis (CFA):* It is performed when the researcher has strong theoretical expectations about the structure or the number of factors underlying a set of variables. In CFA, factor loadings for the variables are hypothesized based on previous studies or relevant theory.

Principal Component Analysis (PCA) is a method used for factor analysis with the help of varimax rotation method. PCA is a dimension reduction technique and seeks to maximize the sum of squared loadings of each factor extracted in turn. Kaiser-Meyer-Olkin (KMO) and Bartlett's test are used to measure sampling adequacy to test as to whether the adequacy of data is applicable for factor analysis or not. KMO value must exceed .50 which indicates that factor analysis is appropriate (Malhotra & Dash, 2011). The Bartlett's Test of Sphericity examines the presence of correlations or strength of relationship among the variables. "It tests the null hypothesis that the correlation matrix is an identity matrix. "An identity matrix is a matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0" (Field, 2009). The researcher always wants to reject this null hypothesis. This test is significant when the significance value is less than .05.

➢ ***One Way ANOVA***

The Analysis of Variance (ANOVA) technique is applied in that situation where we want to compare more than two population samples that have been drawn from populations having the same mean. It is a procedure that determines whether difference between the means from more than two populations exists or not. While using ANOVA technique we assume that each of the samples is drawn from a normal population and each of these populations has the same variance. One way ANOVA involves only one categorical variable and is used "if we take only one factor and investigate the differences amongst its various categories having numerous possible values" (Kothari, 2004).

> ### *Regression Analysis*

The term regression was introduced by Francis Galton. "Regression analysis is concerned with the study of the dependence of one variable, the dependent variable, on one or more other variables, the explanatory variables, with a view to estimating and/or predicting the (population) mean or average value of the former in terms of the known or fixed (in repeated sampling) values of the latter" (Gujarati, Porter & Gunasekar, 2012).

A model is a set of mathematical equations. An equation of multiple regression model is represented as follows:

$$Y_i = \beta_1 + \beta_2 X_1 + \beta_3 X_2 + \beta_4 X_3 + \ldots\ldots + \beta_n X_n + \mu_i$$

The variables which appears on the left side of the equality sign (Y) is called the dependent variable and the variables on the right side (X_1, X_2, X_3.....X_n) is called the explanatory, or independent variable(s). When we study the dependence of a variable on only one explanatory variable, then it is known as simple regression analysis. However, when we study the dependence of one variable on more than one explanatory variables, then it is known as multiple regression analysis.

Coefficient of Determination (r^2)

The Coefficient of Determination is the most commonly used measure of the goodness of fit of a regression line. "The Coefficient of Determination, r^2 (two-variable case) or R^2 (multiple regression) is a summary measure that tells how well the regression line fits the data" (Gujarati, Porter & Gunasekar, 2012). The r^2 measures the percentage of the total variation in the dependent variable which is explained by the independent variable. In multiple regression analysis, the quantity that gives the information regarding the proportion of variation in dependent variable, explained by the explanatory variables jointly is known as the *multiple coefficient of determination* and is denoted by R^2. The value of r^2 or R^2 lies between 0 and 1. If the value is 1, the regression line explains 100 percent of the variation in dependent variable. On the other hand, if the value is 0, the model does not explain any of the variations in dependent variable. The fitness of the model is said to be "better", when

R^2 is nearer to 1. A modification to R^2 is made that takes into account the loss of degrees of freedom related with adding extra variables. This is known as adjusted R^2.

Assumptions of Regression Analysis

The following assumptions of regression analysis have been tested in the study:

- Presence of Multicollinearity Between Independent Variables

The multicollinearity between independent variables needs to be tested before using the regression model to ensure that the regression model is free from bias. The term multicollinearity is created by Ragnar Frisch. This term means the existence of a perfect linear relationship among some or all explanatory variables of a regression model. Variance Inflation Factor (VIF) is an indicator of multicollinearity. The larger the value of VIF, the more collinear is the variable. "Multicollinearity is considered as a problem if the VIF value exceeds 10" (Field, 2009; Mutawaa & Hewaidy, 2010). The presence of multicollinearity among the independent variables may affect the overall regression results and may lead to wrong estimations.

- Test for Existence of Autocorrelation

If the errors are not uncorrelated with one another, then they are 'autocorrelated' or 'serially correlated'. The most common test for detecting serial correlation is developed by Durbin and Watson, popularly known as the Durbin-Watson test. Durbin-Watson (DW) is a test for first order autocorrelation i.e. it tests only a relationship between an error and its immediately previous value. "When DW is near to 2, this is the case where there is no autocorrelation in the residuals. When DW is near to zero, this corresponds to the case where there is perfect positive autocorrelation. When DW is near to 4, this is the case where there is perfect negative autocorrelation" (Brooks, 2008). "As a rule of thumb, if the value is less than 1 or greater than 3, then there is an autocorrelation issue" (Field, 2009).

➢ *Hypothesis Testing*

"In the hypothesis testing framework, there are always two hypotheses, known as the null hypothesis (denoted H_0) and the alternative hypothesis (denoted H_1). The null hypothesis is the statement or the statistical hypothesis that is actually being tested. The alternative hypothesis represents the remaining outcomes of interest" (Brooks, 2008).

"There are two ways to conduct a hypothesis test i.e. the test of significance approach or via the confidence interval approach. Both methods centre on a statistical comparison of the estimated value of the coefficient, and its value under the null hypothesis. If the estimated value is a long way away from the hypothesised value, the null hypothesis is likely to be rejected; if the value under the null hypothesis and the estimated value are close to one another, the null hypothesis is less likely to be rejected" (Brooks, 2008). If the null hypothesis is rejected at the 5% level, it would be said that the result of the test is 'statistically significant'. On the other hand, if the null hypothesis is not rejected, it would be said that the result of the test is 'not significant', or 'insignificant'.

2.7 Limitations of the Study

1. The secondary study is restricted to nine financial years starting from financial year 2005-2006 to 2013-2014. The study has not covered the year 2014-15 as the Companies Act 2013 came into force and SEBI amended Clause 49 accordingly.

2. The questionnaire survey has been conducted only in Delhi and NCR region. Rather, a more extended geographical sample may show different perception of investors.

3. The selection of companies is restricted to only those top five BSE Sensex companies that are having high market capitalization.

4. The financial performance of the companies is studied only through ROA and Tobin's Q. Other important performance measures are not taken into consideration.

5. The data for performance measures tend to be noisy. There are many factors like leverage, ownership structure, import export intensity, etc. that might influence the performance of the firm and not all of them would have been controlled for in the study.

6. One of the important limitation of the study and also of most of the literature reviewed is that the corporate governance quality is difficult to measure. Hence, the results are subject to measurement error problems. The evaluation of corporate governance practices are subjective and is based on the information provided in the annual reports and web pages of each company.

7. The generalization of the findings of the survey based on small number of investors' views may be misleading in evaluating and understanding corporate governance.

2.8 Presentation of the Study

The present study is divided into six chapters. A brief view of each chapter is provided in the following paragraphs to appraise the reader with the contents of the chapter.

The first chapter presented the concept and importance of corporate governance in India. It presents a brief historical review of corporate governance in India, principles of corporate governance and role and key players in corporate governance.

The second chapter deals with the review of literature on corporate governance practices prevalent in India and other countries. It presents the exhaustive literature on relationship between corporate governance and firm performance. It also detailed the review related to role and perception of various stakeholders on corporate governance. The studies related to investment pattern is also highlighted in the present chapter. The research gap is identified and the present study is devoted to filling these gaps. It explains in detail the objectives, hypotheses, research methodology which includes sources of data, population and sample size, duration of study, data collection instrument, variables and proxy measures, data analysis techniques, and limitations of the study.

Chapter three is entitled as "Corporate Governance – An Overview". A brief view on the underlying theories related to corporate governance has been presented in this chapter. It also briefly looks into the models of corporate governance that have been adopted by some of the major countries including India. Moreover, the chapter also reviews the various committees and codes developed at world level and in India. This chapter briefly explains the requirements of Clause 49, and lastly, the implications of Companies Act, 2013 in context to corporate governance has been highlighted in the chapter.

The fourth chapter contains a brief profile of five selected Indian companies namely TCS Ltd., ONGC Ltd., Reliance Industries Ltd., ITC Ltd., and Infosys Ltd. It also presents the corporate governance scores obtained by each of the selected companies measured on pre-specified parameters of good governance.

Chapter five deals with the data analysis and interpretation. For the convenience of exposition, it has been divided into two sections. Section-I examines the impact of corporate governance on financial performance of selected companies in India. The impact has been studied over a period of nine years. Section-II presents the results of the analysis of investor's perception towards corporate governance practices of selected companies in India.

Chapter six is devoted to "Conclusion and Suggestions" emerging from this study. It summarizes the major findings of the analysis, offers appropriate suggestions to corporate, policy makers and regulators. It also provides the direction for future research. At the end, the thesis also carries bibliography and the appendices.

References

Adekunle, S. A., & Aghedo, E. M. (2014). Corporate governance and financial performance of selected quoted companies in Nigeria. *European Journal of Business and Management*, 6(6), 53-60.

Aggarwal, P. (2013). Impact of corporate governance on corporate financial performance. *IOSR Journal of Business and Management, 13*(3), 1-5.

Alleyne, P., Weekes-Marshall, D., & Broome, T. (2014). Accountants' perceptions of corporate governance in public limited liability companies in an emerging economy: Evidence from Barbados. *Meditari Accountancy Research, 22*(2), 186-210. doi:10.1108/MEDAR-09-2013-0039

Aluchna, M. (2009). Does good corporate governance matter? Best practice in Poland. *Management Research News, 32*(2), 185-198. doi:10.1108/014091709 10927631

Ameer, R., Ramli, F., & Zakaria, H. (2010). A new perspective on board composition and firm performance in an emerging market. *Corporate Governance, 10*(5), 647-661. doi: 10.1108/14720701011085607

Ammann, M., Oesch, D., & Schmid, M. M. (2011). Corporate governance and firm value: International evidence. *Journal of Empirical Finance, 18*(1), 36-55. doi:10.1016/j.jempfin.2010.10.003

Arjunan, C., & Jayanthi, M. (2014). Individual investors' perception towards credit rating agencies in India with special reference to Erode and Coimbatore district. *International Journal of Management and Development Studies, 3*(6), 31-45.

Bai, C. E., Liu, Q., Lu, J., Song, F. M., & Zhang, J. (2004). Corporate governance and market valuation in China. *Journal of Comparative Economics, 32*(4), 599–616. doi: 10.1016/j.jce.2004.07.002

Balasubramanian, N., Black, B. S., & Khanna, V. (2010). The relation between firm level corporate governance and market value: A case study of India. *Emerging Markets Review, 11*(4), 319–340. doi:10.1016/j.ememar.2010.05.001

Banu, M. (2014). *Corporate Governance – A Study of Select IT Firms.* (Doctoral Thesis, Osmania University). Retrieved from http://shodhganga.inflibnet.ac.in /handle/10603/24578

Bell, R. G., Filatotchev, I., & Aguilera, R. V. (2014). Corporate governance and investors' perceptions of foreign IPO value: An institutional perspective. *Academy of Management Journal, 57*(1), 301-320. doi:10.5465/amj.2011.0146

Bhagat, S., & Bolton, B. (2008). Corporate governance and firm performance. *Journal of Corporate Finance, 14*(3), 257-273. doi:10.1016/j.jcorpfin.2008. 03.006

Bhalla, J. (2012). Corporate governance: Perception of executives in India. *Review of Management, 2*(1/2), 35-43.

Bhardwaj, N., & Rao, B. R. (2014). Corporate governance practices in India – A case study. *Asia Pacific Journal of Research, 1*(XIII), 43-54.

Bhasin, M. L. (2010). Corporate governance disclosure practices: The portrait of a developing country. *International Journal of Business and Management, 5*(4), 150-167. doi:10.5539/ijbm.v5n4p150

Bhuiyan, M. H. U., & Biswas, P. K. (2007). Corporate governance and reporting: An empirical study of the listed companies in Bangladesh. *Dhaka University Journal of Business Studies, 28*(1), 1-32.

Black, B. S., Carvalho, A. G., & Gorga, E. (2012). What matters and for which firms for corporate governance in emerging markets? Evidence from Brazil (and other BRIK countries). *Journal of Corporate Finance, 18*(4), 934–952. doi:10.1016/j.jcorpfin.2011.10.001

Black, B. S., Jang, H., & Kim, W. (2006). Does corporate governance predict firms' market values? Evidence from Korea. *The Journal of Law, Economics, and Organization, 22*(2), 366-413. doi:10.1093/jleo/ewj018

Black, B. S., Love, I., & Rachinsky, A. (2006). Corporate governance indices and firms' market values: Time series evidence from Russia. *Emerging Markets Review, 7*(4), 361-379. doi:10.1016/j.ememar.2006.09.004

Bollen, K. A. (1989). *Structural equations with latent variables.* New York: John Wiley and Sons.

Braga-Alves, M. V., & Morey, M. (2012). Predicting corporate governance in emerging markets. *Journal of International Money and Finance, 31*(6), 1414-1439. doi:10.1016/j.jimonfin.2012.02.009

Brink, A. G. (2013). Nonprofessional investors' perceptions of corporate governance factors. *Journal of Accounting, Ethics and Public Policy, 14*(2), 289-331.

Brooks, C. (2008). *Introductory econometrics for finance.* New York: Cambridge University Press.

Cannell, J. M. (2004). *Corporate governance in the electric utility industry: An assessment of investor perceptions.* United States of America: Edison Electric Institute and the Wall Street Advisory Group. Retrieved from http://www.jmcannell.com/documents/Corporate-Governance-Study-conclusions.pdf

Cheung, Y. L., Connelly, J. T., Jiang, P., & Limpaphayom, P. (2011). Does corporate governance predict future performance? Evidence from Hong Kong. *Financial Management, 40*(1), 159-197. doi:1111/j.1755-053X.2010.01138.x

Cheung, Y. L., Connelly, J. T., Limpaphayom, P., & Zhou, L. (2007). Do investors really value corporate governance? Evidence from the Hong Kong market. *Journal of International Financial Management and Accounting, 18*(2), 86-122. doi:10.1111/j.1467-646X.2007.01009.x

Cheung, Y. L., Jiang, P., Limpaphayom, P., & Lu, T. (2010). Corporate governance in China: A step forward. *European Financial Management, 16*(1), 94-123. doi:10.1111/j.1468-036X.2008.00446.x

Chiang, H. T. (2005). An empirical study of corporate governance and corporate performance. *Journal of American Academy of Business, 6*(1), 95-101.

Chugh, L. C., Meador, J. W., & Kumar, A. S. (2011). Corporate governance and firm performance: Evidence from India. *Journal of Finance and Accountancy, 7*, 1-10.

Cochran, W. G. (1977). *Sampling techniques.* New York: John Wiley & Sons.

Coles, J. W., McWilliams, V. B., & Sen, N. (2001). An examination of the relationship of governance mechanisms to performance. *Journal of Management, 27*(1), 23-50.

Combs, J. G., Crook, T. R., & Shook, C. L. (2005). The dimensionality of organizational performance and its implications for strategic management research. In D. D. Ketchen, & D. D. Bergh (Ed.), *Research Methodology in Strategy and Management* (pp. 259- 286). UK: Emerald Group Publishing Limited.

Confederation of Indian Industry, & Institutional Investors Advisory Service. (2012). *Institutional investors - Driving force for corporate governance: A survey.* Retrieved from http://www.iias.in/downloads/CII_IIAS_Institutional_Investor_Survey.pdf

Cronbach, L. J. (1971). Test validation. In R. L. Thorndike (Ed.), *Educational measurement* (pp. 443-507). Washington, D.C.: American Council on Education.

Das, S. C. (2008). Corporate governance standards and practices in Reliance Industries Limited. *The Icfai University Journal of Corporate Governance, /*(3), 46-62.

Dembo, A. M., & Rasaratnam, S. (2014). Corporate governance and disclosure in Nigeria: An empirical study. *Procedia-Social and Behavioral Sciences, 164*, 161-171. doi:10.1016/j.sbspro.2014.11.064

Dey, D. K., & Chauhan, Y. K. (2009). Board composition and performance in Indian firms: A comparison. *ICFAI Journal of Corporate Governance, 8*(2), 7-19.

Dian, Y. (2014). Corporate governance and firm performance: A sociological analysis based on Chinese experience, *Social Sciences in China, 35*(1), 44-67. doi:10.1080/02529203.2013.875662

Dwivedi, N., & Jain, A. K. (2005). Corporate governance and performance of Indian firms: The effect of board size and ownership. *Employee Responsibilities and Rights Journal, 17*(3), 161-172. doi:10.1007/s10672-005-6939-5

Field, A. (2009). *Discovering statistics using SPSS.* New Delhi, India: SAGE Publications India Pvt. Ltd.

Garay, U., & Gonzalez, M. (2008). Corporate governance and firm value: The case of Venezuela. *Corporate Governance: An International Review, 16*(3), 194-209. doi:10.1111/j.1467-8683.2008.00680.x

Garg, A. K. (2007). Influence of board size and independence on firm performance: A study of Indian companies. *Vikalpa, 32*(3), 39-60.

Geetha, N., & Ramesh, M. (2012). A study on relevance of demographic factors in investment decisions. *Perspectives of Innovations, Economics and Business, 10*(1), 14-27. doi:10.15208/pieb.2012.02

Gujarati, D. N., Porter, D. C., & Gunasekar, S. (2012). *Basic econometrics.* New Delhi, India: Tata McGraw Hill Education Private Limited.

Gull, A. A., Saeed, A., & Abid, A. (2013). Corporate governance and performance: An empirical evidence from textile sector of Pakistan. *African Journal of Business Management, 7*(22), 2112-2118. doi:10.5897/AJBM2013.6952

Guo, Z., & Kumara, U. (2012). Corporate governance and firm performance of listed firms in Sri Lanka. *Procedia -Social and Behavioral Sciences, 40*, 664-667. doi:10.1016/j.sbspro.2012.03.246

Gupta A., Nair, A. P., & Gogula, R. (2003). Corporate governance reporting by Indian companies: A content analysis study. *The Icfai Journal of Corporate Governance, 2*(4), 7-18.

Gupta, P., & Sharma, A. M. (2014). A study of the impact of corporate governance practices on firm performance in Indian and South Korean companies. *Procedia-Social and Behavioral Sciences, 133*, 4-11. doi:10.1016/j.sbspro.2014.04.163

Hamid, A. A., Aziz, A. R., Dora, D., & Said, J. (2012). Corporate governance reporting of top 250 companies: Recent evidence from emerging economy. *British Journal of Economics, Finance and Management Sciences, 4*(2), 95-112.

Hermalin, B., & Weisbach, M. (1991). The effects of board composition and direct incentives on firm performance. *Financial Management, 20*(4), 101-112. doi:10.2307/3665716

Hoskisson, R., Hitt, M., Wan, W., & Yiu, D. (1999). Theory and research in strategic management: Swings of a pendulum. *Journal of Management, 25*(3), 417-456. doi:10.1177/014920639902500307

Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Chabowski, B. R., Hammam, M. K., Dykes, B.,...& Cavusgil, S. T. (2008). An assessment of the measurement of performance in international business research. *Journal of International Business Studies, 39*(6), 1064-1080. doi:10.1057/palgrave.jibs.8400398

Hussain, S. H., & Mallin, C. (2002). Corporate governance in Bahrain. *Corporate Governance: An International Review, 10*(3), 197-210.

Javed, A. Y., & Iqbal, R. (2006). Corporate governance and firm performance: Evidence from Karachi Stock Exchange. *The Pakistan Development Review, 45*(4), 947-964.

Joshi, A. (2010). *A Study on Corporate Governance and the Financial Performance of Selected Indian Companies.* (Doctoral Thesis, Saurashtra University). Retrieved from http://shodhganga.inflibnet.ac.in/handle/10603/42854

Kabra, G., Mishra, P. K., & Dash, M. K. (2010). Factors influencing investment decision of generations in India: An econometric study. *Asian Journal of Management Research, 4*(2), 308-326.

Karpagam, V. (2013). Impact of corporate governance factors on the firm performance of NSE listed companies in India. *Journal of Business Management Studies, 9*(2), 72-87.

Khanna, V., & Zyla, R. (2012). *Survey says...Corporate governance matters to investors in emerging market companies.* Washington, D. C.: International Finance Corporation. Retrieved from http://www.ifc.org/wps/wcm/connect/dbfd8b004afe7d69bcb6bdb94e6f4d75/IFC_EMI_Survey_web.pdf?MOD=AJPERES

Kohli, N., & Saha, G. C. (2008). Corporate governance and valuations: Evidence from selected Indian companies. *International Journal of Disclosure and Governance, 5*(3), 236-251. doi:10.1057/jdg.2008.10

Kota, H. M., & Tomar, S. (2010). Corporate governance practices in Indian firms. *Journal of Management and Organization, 16*(2), 266-279. doi:10.5172/jmo.16.2.266

Kothari, C. R. (2004). *Research methodology: Methods and techniques.* New Delhi, India: New Age International (P) Ltd.

Larbsh, M. M. (2010). *An Evaluation of Corporate Governance Practice in Libya: Stakeholders' Perspectives.* (Doctoral Thesis, Nottingham Trent University). Retrieved from http://irep.ntu.ac.uk/R/?func=dbin-jump-full&object_id=198343

Leng, A. C. A. (2004). The impact of corporate governance practices on firms' financial performance: Evidence from Malaysian companies. *ASEAN Economic Bulletin, 21*(3), 308-318. doi:10.1353/ase.2011.0056

Lewellen, W. G., Lease, R. C., & Schlarbaum, G. G. (1977). Patterns of investment strategy and behavior among individual investors. *Journal of Business, 50*(3), 296-333. doi:10.1086/295947

Mak, Y. T., & Kusnadi, Y. (2005). Size really matters: Further evidence on the negative relationship between board size and firm value. *Pacific-Basin Finance Journal, 13*(3), 301-318. doi:10.2139/ssrn.303505

Malhotra, N. K., & Dash, S. (2011). *Marketing research: An applied orientation.* New Delhi, India: Pearson Publication.

Manawaduge, A. S. (2012). *Corporate Governance Practices and their Impacts on Corporate Performance in an Emerging Market: The Case of Sri Lanka.* (Doctoral Thesis, University of Wollongong). Retrieved from http://ro.uow.edu.au/theses/3676/

Mashayekhi, B., & Bazaz, M. S. (2008). Corporate governance and firm performance in Iran. *Journal of Contemporary Accounting and Economics, 4*(2), 156-172. doi:10.1016/S1815-5669(10)70033-3

Maury, B., & Pajuste, A. (2005). Multiple large shareholders and firm value. *Journal of Banking & Finance, 29*(7), 1813-1834. doi:10.1016/j.jbankfin.2004.07.002

McCahery, J. A., Sautner, Z., & Starks, L. T. (2010). Behind the scenes: The corporate governance preferences of institutional investors. Retrieved from http://fisher.osu.edu/supplements/10/9861/04092010-Laura%20Starks.pdf

Memon, F., Bhutto, N. A., & Abbas, G. (2012). Capital structure and firm performance: A case of textile sector of Pakistan. *Asian Journal of Business and Management Sciences, 1*(9), 9-15.

Mishra C. S., Randoy, T., & Jenssen, J. I. (2001). The effect of founding family influence on firm value and corporate governance. *Journal of International Financial Management and Accounting, 12*(3), 235-259. doi:10.1111/1467-646X.00073

Mitra, M. (2013). Corporate governance standards and practices in Indian aluminium industry An empirical study. *Journal of Business Management, Commerce and Research, 1*(4), 7-16.

Mohanty, P. (2004). Institutional investors and corporate governance in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=353820&download=yes

Motwani, S. S., & Pandya, H. B. (2013). Impact of corporate governance practices on stock prices of selected Indian listed companies. *Asian Journal of Research in Business Economics and Management, 3*(10), 231-248.

Munisi, G., & Randøy, T. (2013). Corporate governance and company performance across Sub-Saharan African countries. *Journal of Economics and Business, 70*(C), 92-110. doi:10.1016/j.jeconbus.2013.08.003

Mutawaa, A. A., & Hewaidy, A. M. (2010). Disclosure level and compliance with IFRSs: An empirical investigation of Kuwaiti companies. *The International Business & Economics Research Journal, 9*(5), 33-49.

Natarajan, N. (2011). *A Study on the Stakeholders' Perception of Corporate Governance Practices with Reference to the Software Companies in India.* (Doctoral Thesis, DR. M.G.R. Educational and Research Institute University). Retrieved from http://www.drmgrdu.ac.in/Thesis_doc/Documents/N.%20 Natarajan%20Ph.d%20Thesis/final.pdf

Needles, B. E., Turel, A., Sengur, E. D., & Turel, A. (2012). Corporate governance in Turkey: Issues and practices of high performance companies. *Accounting and Management Information Systems, 11*(4), 510–531.

Nunnally, J. C. (1978). *Psychometric theory.* New York: McGraw-Hill.

Omran, M. M., Bolbol, A., & Fatheldin, A. (2008). Corporate governance and firm performance in Arab equity markets: Does ownership concentration matter. *International Review of Law Economic, 28(*1), 32-45. doi:10.1016/j.irle.2007.12.001

Pahuja, A., & Bhatia, B. S. (2010). Determinants of corporate governance disclosures: Evidence from companies in northern India. *The IUP Journal of Corporate Governance, 9*(3), 69-88.

Pandya, H. B. (2013). Impact of corporate governance practices on firm's performance: An Indian perspective. *International Journal of Current Business and Economics, 2*(9), 43-51.

Parsa, S., Chong, G., & Isimoya, E. (2007). Disclosure of governance information by small and medium-sized companies. *Corporate Governance:The International Journal of Business in Society, 7*(5), 635-648. doi:10.1108/14720700710827211

Patidar, S. (2010). Investor's behavior towards share market: A Study of Dhar district of Madhya Pradesh. *International Research Journal, 1*(13), 55-57.

Pillania, R. K. (2012). Corporate governance in India: Study of the top 100 firms. *Journal of Applied Economic Sciences, 1*(19), 87-92.

Raja, J., & Kumar, A. S. (2007). SME entrepreneurship, firm performance, and corporate governance practices in Indian service firms. *Journal of Services Research, 7*(2), 99-113.

Randoy, T., & Goel, S. (2003). Ownership structure, founder leadership, and performance in Norwegian SMEs: Implications for financing entrepreneurial opportunities. *Journal of Business Venturing, 18*(5), 619-637. doi:10.1016/S0883-9026(03)00013-2

Rao, A. L. (2013). *A Study of Corporate Governance in Paper Industry.* (Doctoral Thesis, Andhra University). Retrieved from http://shodhganga.inflibnet.ac.in/handle/10603/8683

Renders, A., Gaeremynck, A., & Sercu, P. (2010). Corporate governance ratings and company performance: A cross European study. *Corporate Governance: An International Review, 18*(2), 87–106. doi:10.1111/j.1467-8683.2010.00791.x

Sachdeva, G. (2014). Corporate governance, concepts and practices: A survey. *The International Journal of Business & Management, 2*(2), 51-60.

Safarova, Y. (2010). *Factors that Determine Firm Performance of New Zealand Listed Companies* (Doctoral dissertation, Auckland University of Technology). Retrieved from http://aut.researchgateway.ac.nz/bitstream/handle/10292/827/SafarovaY.pdf?sequence=3

Sanan, N. (2011). Corporate governance in public and private sector enterprises: Evidence from India. *The IUP Journal of Corporate Governance, 10*(4), 37-59.

Saravanan, P. (2012). Corporate governance and company performance: A study with reference to manufacturing firms in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2063677&download=yes

Sareen, V .K, & Chander, S. (2009). Firms' attributes and corporate governance disclosure particulars: An empirical investigation. In R. K. Mishra, & S. Jhunjhunwala (Ed.), *Corporate governance- Millennium challenges* (pp. 54-81). India: Excel India Publications.

Sarkar, J., Sarkar, S., & Sen, K. (2012). A corporate governance index for large listed companies in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2055091&download=yes

Sekaran, U. (2006). *Research methods for business: A skill building approach.* New Delhi, India: John Wiley and Sons.

Sengur, E. D. (2011). Do corporate governance index companies outperform others? Evidence from Turkey. *International Journal of Business and Social Science, 2*(14), 254-260.

Shan, Y. G., & McIver, R. P. (2011). Corporate governance mechanisms and financial performance in China: Panel data evidence on listed non-financial companies. *Asia Pacific Business Review, 17*(3), 301-324. doi:10.1080/13602380903522325

Sharma, J. P., & Sachdeva, G. (2011). Corporate governance in India: Investors' perspective. *Indian Journal of Corporate Governance, 4*(2), 1-14.

Sharma, P. K. (2013). Corporate governance - A Comparative study of two major industries of India. *International Journal of Governance, 3*(2), 1-15.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance, 52*(2), 737-783. doi:10.1111/j.1540-6261.1997.tb04820.x

Shukla, H. J. (2009). Corporate governance and Indian FMCG industry. *The Icfai University Journal of Corporate Governance, 8*(1), 43-63.

Srinivasan, P., & Srinivasan, V. (2011). Status of Corporate Governance Research on India: An Exploratory Study. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2121141

Surendar, G., & Rao, S.K. (2011). Retail Investor's perception towards corporate governance – A study of selected cities. *International Journal of Research in Commerce, IT and Management, 1*(1), 44-49.

Tariq, Y. B., & Butt, S. A. (2008). Impact of corporate governance practices on financial performance: Empirical evidence from Pakistan. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1648547

Teh, C. T. (2009). *Compliance and Impact of Corporate Governance Best Practice Code on the Financial Performance of New Zealand Listed Companies.* (Doctoral Thesis, Massey University). Retrieved from http://mro.massey.ac.nz/handle/10179/1004.

Trochim, W. M. K. (2006). Introduction to validity. Retrieved from www.social researchmethods.net/kb/introval.php.

Tsui, J., & Gul, F. A. (2003). *Consultancy on a survey on international institutional investors' attitudes towards corporate governance standards in Hong Kong in connection with the corporate governance review* (CPS Ref: AC-1530). Hong Kong: CityU Professional Services Ltd. Retrieved from http://www.cr.gov.hk /en/standing/docs/attitude_e.pdf

Uadiale, O. M. (2010). The impact of board structure on corporate financial performance in Nigeria. *International Journal of Business and Management, 5*(10), 155-166. doi:10.5539/ijbm.v5n10p155

Varshney, P., Kaul, V. K., & Vasal, V. K. (2012). Corporate governance index and firm performance: Empirical evidence from India. Retrieved from http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2103462

Vora, M. B. (2005). *A Study of Corporate Governance Practices of Corporate Sector in India.* (Doctoral Thesis, Saurashtra University). Retrieved from http://etheses.saurashtrauniversity.edu/68/

Yammeesri, J., & Herath, S. K. (2010). Board characteristics and corporate value: Evidence from Thailand. *Corporate Governance, 10*(3), 279-292. doi:10.1108/ 14720701011051910

Yasser, Q. R., Entebang, H., & Mansor, S. A. (2011). Corporate governance and firm performance in Pakistan: The case of Karachi Stock Exchange (KSE)-30. *Journal of Economics and International Finance, 3*(8), 482-491.

Yoo, T., & Jung, D. K. (2015). Corporate governance change and performance: The roles of traditional mechanisms in France and South Korea. *Scandinavian Journal of Management, 31*(1), 40-53. doi:10.1016/j.scaman.2014.08.005

Yusoff, W. F. W., & Alhaji, I. A. (2012). Corporate governance and firm performance of listed companies in Malaysia. *Trends and Development in Management Studies, 1*(1), 43-65.

Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2012). *Business research methods.* USA: Cengage Learning.

Chapter-3

CORPORATE GOVERNANCE- AN OVERVIEW

CHAPTER - 3

CORPORATE GOVERNANCE - AN OVERVIEW

3.1 Introduction

Corporate governance is a crucial element to resilient and vibrant capital markets. It is an important instrument of investor protection. It implies adhering to the stakeholders' expectations and to act in good faith and complying with the relevant laws and regulations. Corporate governance is a tool for creating long term relationship between the companies and the capital financiers. It involves a set of relationships amongst the board members, company's management, shareholders and other stakeholders. A better corporate governance framework ensures that board members recognize their fiduciary duty towards the shareholders and act accordingly in an accountable and transparent manner. This helps to achieve long term sustainability and credibility.

In today's era of globalization and economic liberalization, the term Corporate Governance has attracted a good deal of public interest. "Expanding economies, increased presence of foreign institutional investors, tapping of foreign markets and most importantly corporate scandals around the world have raised serious concerns regarding the functioning of the board and investor protection" (Jain & Nigam, 2014). The corporate governance malpractices such as the scandals and the dramatic decline of stock markets at the beginning of the new century have raised the debate on the fundamental issues of corporate governance i.e. for what purpose the corporation exists and whose interests it serves (Letza, Kirkbride, Sun & Smallman, 2008).

The present chapter provides the theoretical foundation of corporate governance. The definitions of corporate governance as suggested by different professionals has been briefly explained. A brief view on the underlying theories related to corporate governance has been presented in this chapter. It also outlines the basic models of corporate governance. Moreover, the chapter reviews the various committees and codes developed across the globe and contribution of these committees towards the enhancement of corporate governance in India. Based on various recommendations, Clause 49 was introduced to improve the corporate governance practices of companies. This chapter briefly explains the requirements of

Clause 49; and lastly, the implications of Companies Act, 2013 in context to corporate governance have been highlighted at the end of the chapter.

3.2 Definitions of Corporate Governance

Corporate governance is a wide subject and like any other field, the definitions of good corporate governance is largely affected by the size of the economy, differences in the legal, regulatory, institutional, financial and political framework, status of the capital market, and stakeholder's perception etc. A survey of literature on corporate governance reveals a plethora of definitions that covers both subjective and objective elements. Its multidisciplinary nature having its linkages with economics, finance, law, sociology, accounting, political science and psychology makes it difficult to define it in a single definition. As stated by Sarkar and Sarkar (2012), "definitions differ not only because of the relative weightage placed on these various disciplines, but also because of differences in conceptions across institutional contexts regarding the objectives of governance and the mechanisms through which 'good' governance can be achieved".

As a result, different persons at different times, under different situations and circumstances have come up with different definitions ranging from a narrow view to broad view. The following is a list of few definitions of corporate governance out of innumerable definitions quoted in the literature.

The father of Corporate Governance, Sir Adrian Cadbury in its committee report (1992) defined Corporate Governance as "the system by which companies are directed and controlled."

Corporate governance refers to the "the whole set of legal, cultural, and institutional arrangements that determine what public corporations can do, who controls them, how that control is exercised, and how the risk and return from the activities they undertake are allocated" (Blair, 1995).

Monks and Minow (1995) have defined corporate governance as "relationships among various participants in determining the direction and performance of a corporation which include the primary participants such as the shareholders, the management and the board of directors".

In the words of Shleifer and Vishny (1997), "Corporate governance deals with the ways in which suppliers of finance assure themselves of getting a return on their investments.... Corporate governance mechanisms are economic and legal institutions that can be altered through the political process – sometimes for the better".

According to Turnbull (1997) "Corporate governance describes all the influences affecting the institutional processes, including those for appointing the controllers and regulators, involved in organizing the production and sale of goods and services. Described in this way, corporate governance includes all types of firms whether or not they are incorporated under civil law."

John and Senbet (1998) provided the more comprehensive definition that corporate governance deals with "mechanisms by which stakeholders of an organization exercise control over insiders and management such that their interest is protected."

CII's (1998) desirable code on corporate governance defined it as "laws, procedures, practices and implicit rules that determine company's ability to take managerial decisions vis-a-vis its claimants – in particular, its shareholders, creditors. There is a global consensus about the objective of good corporate governance: maximizing shareholders' value."

The World Bank (1999) states: "Corporate Governance refers to that blend of law, regulation and appropriate voluntary private sector practices which enable the corporation to attract financial and human capital, perform efficiently, and thereby perpetuate itself by generating long-term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole. The principal characteristics of effective corporate governance are: transparency (disclosure of relevant financial and operational information and internal processes of management oversight and control); protection and enforceability of the rights and prerogatives of all shareholders; and, directors capable of independently approving the corporation's strategy and major business plans and decisions, and of independently hiring management, monitoring management's performance and integrity, and replacing management when necessary" (Sharma, 2013).

According to La porta, Lopez-de-Silanes, Shleifer, and Vishny (2000) "Corporate governance is a set of mechanisms through which outside investors protect themselves against expropriation by the insiders i.e. the managers and controlling shareholders."

"Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performances are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring" (OECD, 2004).

According to SEBI (2003), "Corporate governance is about ethical conduct in business.... Corporate governance deals with conducting the affairs of a company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. It is about openness, integrity and accountability."

According to American Marketing Association "Corporate governance is about how suppliers of capital get managers to return profits, make sure managers do not misuse the capital by investing in bad projects, and how shareholders and creditors monitor managers" (Sharma, 2013).

International Chamber of Commerce defines "Corporate governance as the relationship between corporate managers, directors and the providers of equity, people and institutions who save and invest their capital to earn a return. It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations" (Sharma, 2013).

3.3 Theories of Corporate Governance

The most popular theories of corporate governance as suggested by different academicians and practitioners are presented as below:

3.3.1 Agency Theory

The agency theory, among the other theories, is the most popular one and has attracted the most attention from academics and practitioners. The origination of the concept of agency theory can be traced back to Adam Smith (1776) when he raised the concern of the separation of ownership and stewardship (managers). He suggested that managers of other people's money cannot be expected to "watch over it with the same anxious vigilance" one would expect from owners and that "negligence and profusion, therefore, must always prevail in the affairs of the management of such company" (Smith, 1776). Berle and Means (1932) argues that "managers of a firm pursue their own interests rather than the interests of shareholders". He highlighted the principal-agent problem and the contractual nature of the firm. This led to the development of the agency approach to the corporate finance.

The agency theory was further developed by Jensen and Meckling (1976) and is defined as "a contract under which one or more persons (the principal) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent."

The classical arguments of Jensen and Meckling (1976) proposed that ownership and managerial interest may not be aligned, which leads to agency costs (Jensen, 1986; Jensen & Meckling, 1976). The shareholders delegate the responsibility of managing the firms to the board of directors, who use their specialized knowledge and firm's resources to maximize shareholder returns. The agency problem arises when the managers do not act in the best manner to maximize the shareholders' wealth. They protect their own interests or seek the goal to maximize companies' growth instead of earnings while making decisions.

Agency costs arise from the conflicting interests between shareholders and company managers. "Agency costs consist of three different components: monitoring costs, bonding costs and residual loss" (Jensen & Meckling, 1976). "Monitoring costs are those control costs which are incurred by the principal to keep the devious behavior of the manager in check, while through bonding costs it is ensured that the manager take decisions conducive to the shareholders' interests. When both of these costs fail to control the divergent behavior of the manager, then it is a situation of residual loss" (Bhasa, 2004).

To overcome with these problems, the agency theory must determine the most optimum way to govern the principal-agent relationship and to align the behavior of the managers with the interest of owners (Letza, Kirkbride, Sun & Smallman, 2008). Maher and Andersson (2000) stated that there are mainly three types of mechanisms to overcome the problems of separation of ownership and control:

- Direct alignment of managers interests with the shareholders e.g. stock options, executive compensation plans, and direct monitoring by the board;
- Protection against expropriation by managers e.g. protection and enforcement of shareholder rights, and prohibitions against insider-dealing; and
- Indirect means of corporate control such as markets for corporate control, control provided by the capital markets, and managerial labour markets.

There are various corporate governance mechanisms that have their origination from agency theory such as effective boards with greater proportions of independent directors; separation of the role of CEO and the chairman of the company; compensation contracts; concentrated shareholdings that leads to active monitoring of the executives; market for corporate control; and greater disclosures and transparency in operations.

3.3.2 Stakeholder Theory

According to Freeman (1984), the word "stakeholder was first appeared in the management literature in an internal memorandum at Stanford Research Institute in 1963". The term was originally defined as the group without whose support the organization would not exist. Gray, Owen, and Adams (1996) provided an even broader definition of stakeholder as "any group or individual that can be influenced by, or can itself influence, the activities of an organization".

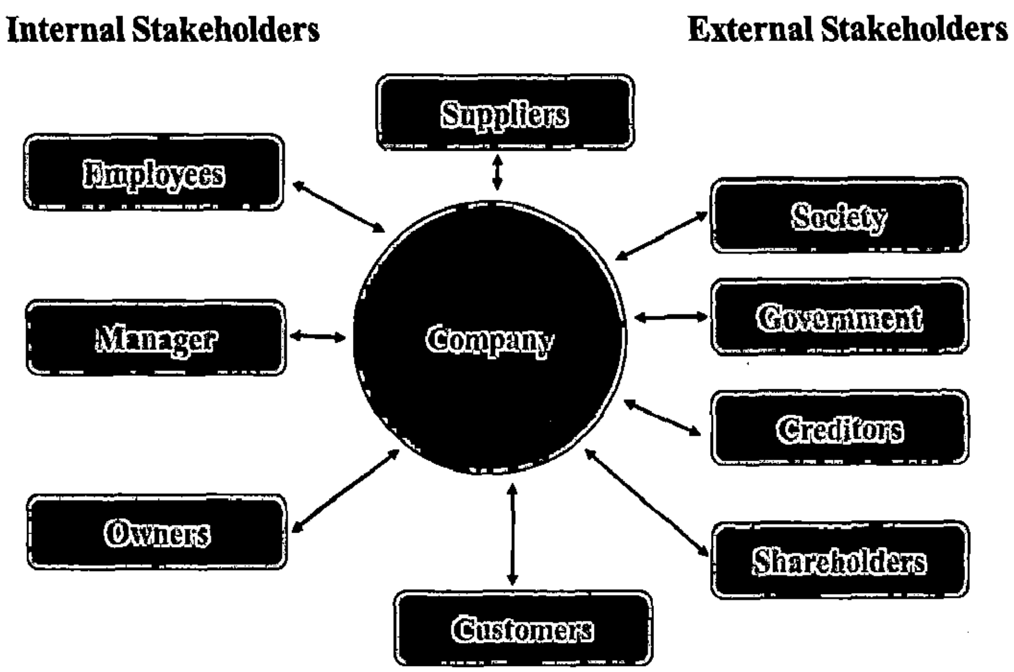
Solomon (2007) pointed that the stakeholder theory is developed through the pervasive impact of large organizations on society which forces companies to discharge accountability to other sectors of society rather than concentrate on their shareholders. According to Jones and Wicks (1999), Stakeholder theory adopts a broader approach and lays emphasis on the fact that corporations must take into account the wider interest of the society while running the businesses, and stipulates that the company has relationship with many constituent groups (stakeholders) that affects and are affected by its decisions. From the finance perspective, the prime responsibility of managers is to maximize the shareholders' value (Rappaport, 1986; Wallace, 2003). According to Jensen (1989), wealth maximization does not mean that firms should completely neglect stakeholders:

> *"Several writers imply that running the corporation in the interests of shareholders means ignoring the interests of other corporate stakeholders. A corporation managed so as to maximize the value of its stock, they suggest, will ignore (or even harm) employees, suppliers, customers, and the communities in which it operates. This perspective simply makes no economic sense. A shareholder-driven company doesn't ignore its stakeholders. What it does is invest resources to benefit each of these constituencies to a point where the additional benefits to the company ... exceed the additional cost".*

The stakeholder theory defines organization as multilateral agreements between the enterprise and its numerous stakeholders. The relationship of the company with its internal stakeholders (such as employees, managers, owners) is framed by formal and informal rules. While the management may receive funds from shareholders, but they also depends upon the employees to accomplish the objectives of the company. On the other hand, the external stakeholders (such as customers, suppliers, and the community) are equally important for the company and also constrained by formal and informal rules that business must respect (Clarke, 2004).

Donaldson and Preston (1995) argue that there are three aspects of stakeholder theory-descriptive/empirical, instrumental, and normative. The descriptive/empirical approach is used to explain and describe the corporate characteristics and behaviors, including how companies are managed, how the board of directors considers the interests of corporate constituencies, the way that managers think about managing, and the nature of the firm. The instrumental approach uses empirical data to identify the connections that exist between stakeholder management and the achievement of corporate goals (e.g., profitability, growth). The normative approach is used to interpret the function of the corporation.

Figure 3.1: Various Stakeholders of the Company



Source: https://en.wikipedia.org/wiki/Stakeholder_theory#/media/File: Stakeholder_(en).png

The benefit of the stakeholder theory lies in overcoming the problems of underinvestment associated with opportunistic behaviour and to encourage the active cooperation amongst the stakeholders in order to ensure the long-term profitability of the corporation (Maher & Andersson, 2000).

There are various corporate governance mechanisms that have their origination from stakeholder theory such as stakeholder representation on the board, employees stock options, development of the concept of corporate social responsibility, whistle blower mechanism.

3.3.3 Stewardship Theory

The stewardship theory of corporate governance reduces the conflict of interest between managers and owners. The theory argues that managers are inherently trustworthy and not prone to misappropriate the funds of the investors. (Donaldson, 1990; Donaldson & Davis, 1991, 1994). The managers are not merely agents of the shareholders, they are good stewards of the company and work diligently to attain high levels of shareholder return and corporate profit.

The stewardship theory is sociological and psychological in nature. A steward is motivated to maximize the firm performance, thereby satisfying the interests of shareholders. This is because the steward perceives greater value in cooperative than in individualistic behavior, and thus behaves accordingly (Donaldson & Davis, 1991).

The stewardship theory is defined as "a steward protects and maximises shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximised" (Davis, Schoorman & Donaldson, 1997). "Stewards are company executives and managers who work for the shareholders, protects and make profits for them. This theory stresses on the role of top management, as stewards, in integrating their goals as part of the organization and being satisfied and motivated when organization success is achieved" (Donaldson & Davis, 1991).

Stewardship theory recognises the importance of structures that empower the steward. It offers maximum autonomy built upon trust and encourages board members to act more autonomously so as to maximize the shareholders returns. According to the theory, the steward behavior is collective and in turn this behavior benefits the principals such as outside owners and also principals who are managerial super-ordinates.

There are various corporate governance mechanisms that have their origination from stewardship theory such as minimum number of meetings of the board, attendance of directors in board meetings, large proportion of inside directors on the board, and the concept of one-man leadership.

3.3.4 Resource Dependence Theory

The idea of resource dependence has its origin in the empirical study conducted in the late 1970s by Pfeffer and Salancik. Their observation that the board and particularly the constitution of the non-executive aspect of board, can provide the firm with a vital set of resources. The organisations have continuous interface with the environment which affects it in various ways. The resource dependency theory, thus concentrates on the role of board of directors play in providing access to resources needed by the firm through their linkages to the external environment. The inter-organisational linkages such as the board interlocks and appointment of outside director, can be used to manage environmental uncertainties, help in better access to finance and capital and link with suppliers, customers and other stakeholders. For example, the outside directors who are associated with law firm provide legal advice, either in board meetings or in private communication with the firm executives that may otherwise be more costly for the firm to secure.

According to this theory, the directors bring resources such as skills, information, business expertise, access to key constituents (buyers, suppliers, policy decision makers, social groups) and legitimacy that reduces uncertainty (Gales & Kesner, 1994). In this context, Hillman, Cannella, and Paetzold (2000) consider the linking of the firm with external environment and reducing uncertainty results in the reduction of transaction cost associated with external linkage.

There are various corporate governance mechanisms that have their roots in resource dependence theory such as appointment of directors from other organizations, directors to hold more number of directorships in other companies subject to certain limit, and intensity of board activity.

3.4 Models of Corporate Governance

Good corporate governance is not only important for the individual company, but also for the economy as a whole. The quality of governance should be continuously improved and good governance should be promoted. To bring improvement, governance should be measurable and therefore, the need arises for a model to measure the quality of corporate governance. The model aims not only to incorporate the structural aspects of governance such as the composition of the boards, but also the behavioral aspects such as the evaluation of sufficient number of alternatives in decision making, the quality of information that forms the basis of sound judgment, the culture of decision making, the processes, and the results of oversight and guidance functions of the board of directors. The model also seeks to check: (1) whether there is a sound, integrated approach to governance; (2) whether the determined approach is deployed systematically throughout different processes and levels of the organization; (3) whether the approach to governance brings the desired results; and (4) whether there is continuous monitoring of results that feeds into learning and improvements.

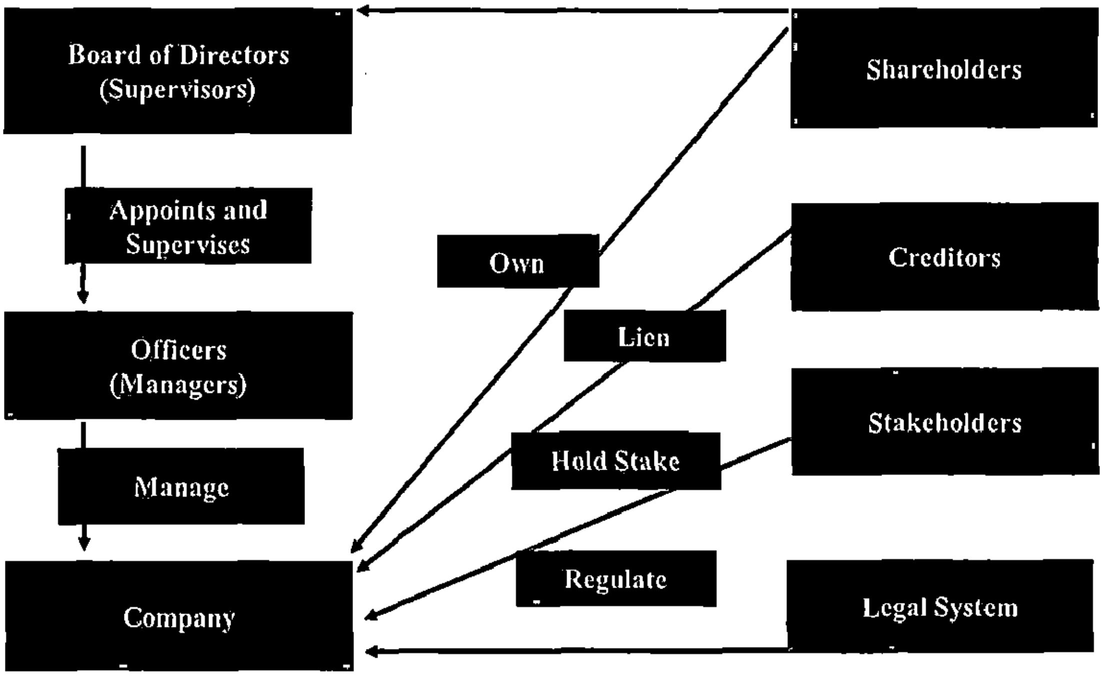
Corporate governance systems vary around the world. Different countries have adopted different structures in governing their companies depending upon economic environment, government policy, capital and money market systems, etc. Most of the prevalent models in the world as suggested by different scholars or academicians are:

3.4.1 Anglo-American Model

This model is also known as Anglo-Saxon model and is prevalent in countries like United States, United Kingdom, Canada, Australia and other Commonwealth countries including India (to a larger extent). The Anglo-American model of corporate governance is based on the agency theory (Dalton, Daily & Ellstrand, 1998; Shleifer & Vishney, 1997). The model is characterized by a well-developed stock market with considerable liquidity and depth, professional managers, separation of ownership and management, passive institutional investors with short-term orientation to hold equity stock, and an active market for corporate control. The striking feature of the Anglo-Saxon model is that the ownership structure of the companies is widely dispersed. Due to widely dispersed share ownership, the influence of shareholders on management is weak. However, strict regulations on corporations concerning insider trading and disclosure of information help to protect the shareholders.

The board of directors in the Anglo-Saxon model is unitary which gives primacy to the interests of the shareholders. The board of directors consists of both executive and non-executive directors in varying proportions.

Figure 3.2: The Anglo-American Model



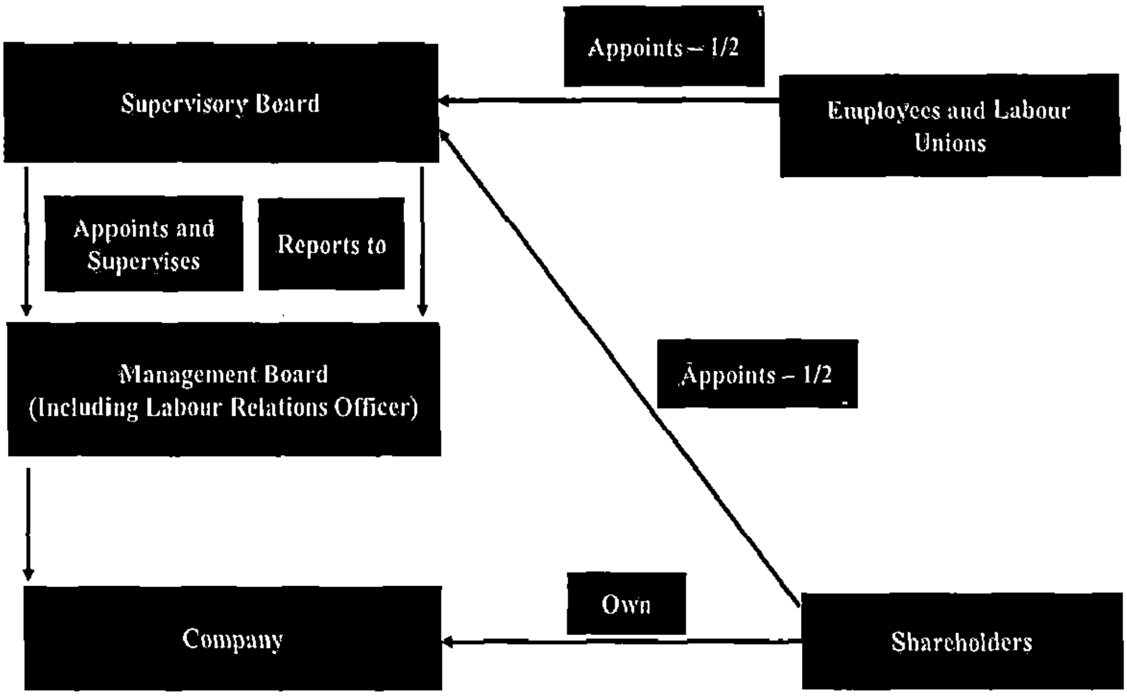
Source: Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

In this model, shareholders elect the members of the board who in turn appoints the officers (CEO or Managing Director) to run the corporations and to implement all the policy decisions made by them. Thus there is a clear separation of ownership and control, which minimizes the agency conflicts. The board of directors performs the function of direction, control and representation. While the legal system provides the structural framework, the Board frame policies and oversees the implementation through a well-designed information system. The stakeholders in the company will be the employees, suppliers and creditors, but the creditors exercise their lien over the assets of the company.

3.4.2 German Model

German model exist in Germany, Switzerland, Austria, Netherlands and this model is underpinned by the stakeholder theory perspective. The German model is characterized by dominance of large financial intermediaries holding concentrated block of shares in its listed firm, cross shareholdings, bank finance, less developed and illiquid stock market, low legal protection for investors, low disclosure standards and employee participation. It has two-tier board structure with distinction between role of supervisory board and the management board. The management board is composed entirely of insiders, that is, executives of the corporation and a supervisory board is composed of labor/employee representatives and shareholder representatives and the size of the supervisory board is set by law. The tasks of both the boards are different and no one may serve simultaneously on a corporation's management board and supervisory board.

Figure 3.3: The German Model



Source: Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

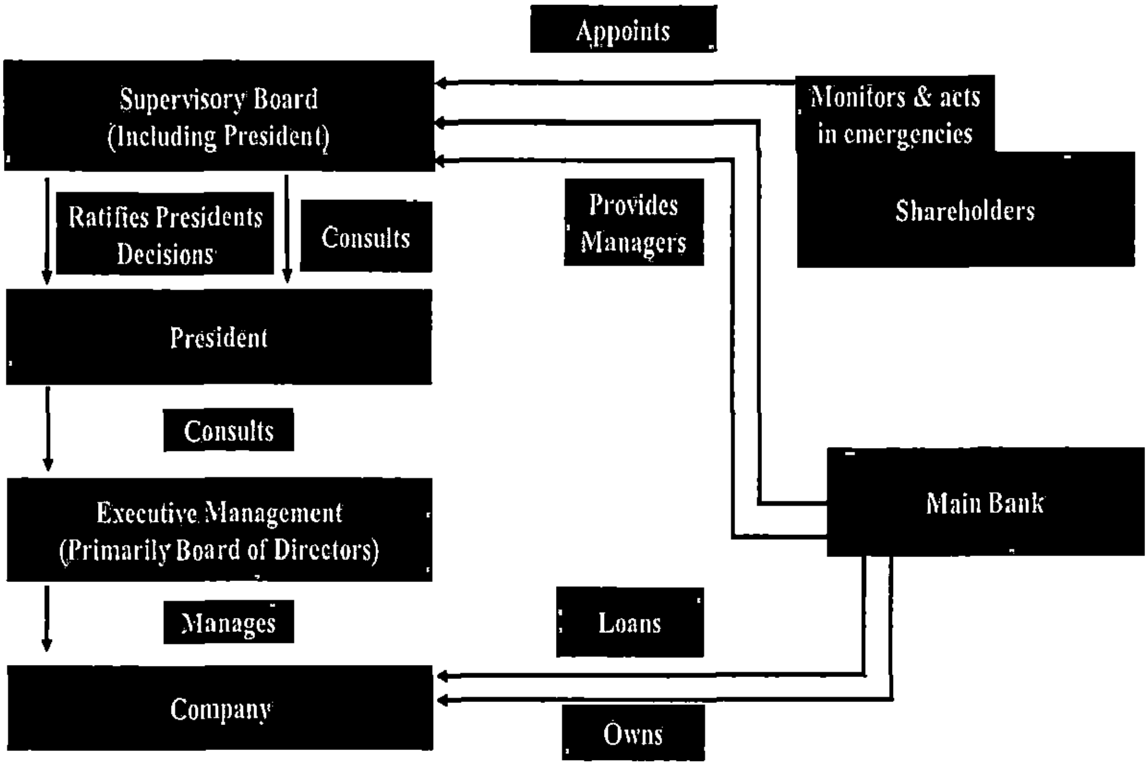
In this model, shareholders elect 50 percent of members of supervisory board and the other half are appointed by labour unions. This ensures that employees and laborers enjoy an equal share in the governance. The supervisory board appoints, monitors, advises and dismisses the management board. The management board is responsible for day to day operations of the company.

3.4.3 Japanese Model

The Japanese corporate governance model is underpinned by the stakeholder theory perspective. This model comprises of industrial groups called Keiretsu which are diversified and vertically linked by cross-shareholdings and trade relationships.

Keiretsu represents a complex pattern of cooperation and competition relationships which is characterized by the adoption of defensive tactics in hostile takeovers, reducing the degree of opportunism of parties involved and keeping long term business relationships. Most Japanese companies are affiliated with this group of trading partners. This model is characterized by concentrated ownership by banks and other financial institutions, high long term company bank relationship, boards of directors composed almost solely of insiders, employee representation and intervention of main bank in emergency.

Figure 3.4: The Japanese Model



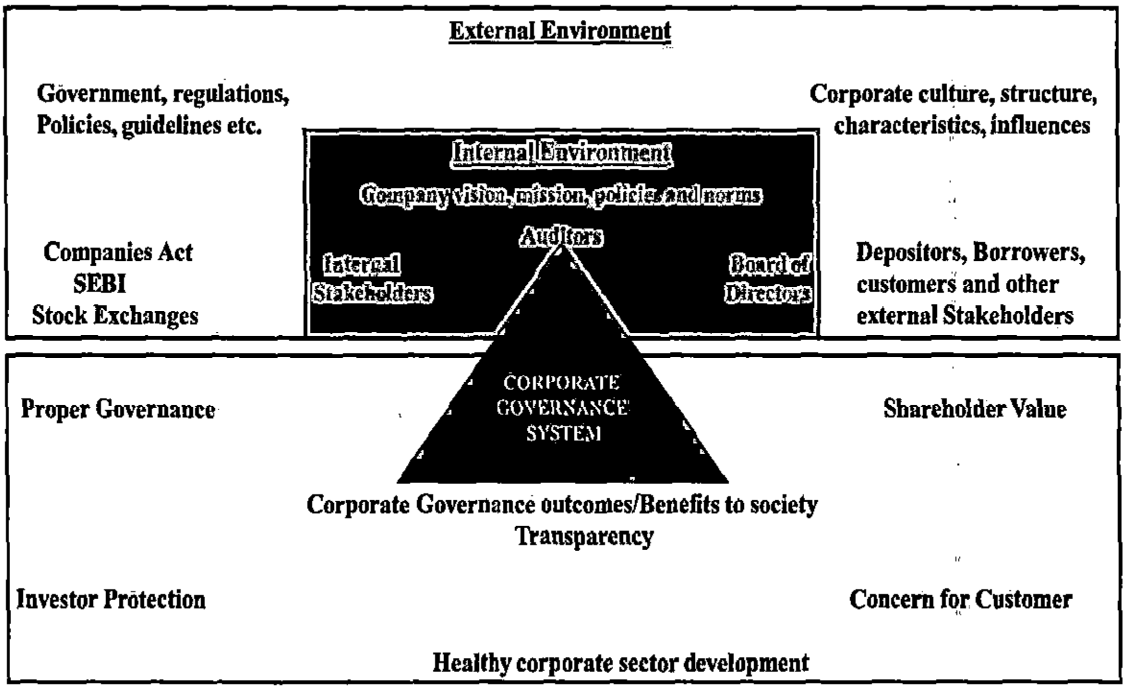
Source: Rani, D. G. & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

It has a unitary board of directors dominated by insiders, with no clear roles for outsider directors. In this model, the shareholders and financial institutions together appoint the Board of directors (including president) and executive management. The President is supreme and oversee both the Supervisory Board and the executive management. The outside directors or independent directors are rarely found in the board of directors.

3.4.4 Indian Model

The Indian companies, till the Companies Act, 2013 came into force, were governed by the Companies Act, 1956. The Indian model is more or less similar to the Anglo American Model. In most of the private listed companies, the promoter, his family, relatives and associate are dominant shareholders of the company. In case of public sector enterprises, either Central or State government(s) or their representatives forms the Board and 51 percent or more equity shares are owned wholly or substantially by the government. The Board of directors and/or the chairman of the Board is/are appointed by the controlling administrative Ministry.

Figure 3.5: The Indian Model



Source: Fernando, A. C. (2009). *Corporate Governance: Principles, policies and practices.* New Delhi, India: Pearson Education.

In Indian model of corporate governance, the primary role of the members of the board is to formulate all the policies and strategies for top management and monitoring their performance. Stock exchanges, regulatory authorities and government keep strict vigilance on the companies through various codes, regulations and policies, etc. For a sustainable development, companies take into consideration the stakeholders' interests who are related to the company directly or indirectly.

All the features are unique to every model. Table 3.1 gives comparative analysis of the various corporate governance models.

Table 3.1: Comparative Analysis of Corporate Governance Models Across the World

Feature	Anglo-American Model	German Model	Japanese Model	Indian Model
Corporate Objective	Shareholder value	Long-term corporate value	Long-term corporate value	Shareholder Value
Shareholding Pattern	Dispersed	Concentrated	Informally Concentrated	Inter-corporate clusters
Governance focus	Capital Market	Corporate body	Keiretsuor business work	Maximize surplus
Measure of Success	Return on financial capital	Return on human capital	Return on social capital	Return on financial capital
Control of corporates	Separated from ownership	Linked with ownership	Linked with ownership	Linked with ownership
Long-term investment in	Physical capital, research and development, human capital	Plant and Equipment, employee training	research and development, employee training	Physical capital
Capital Market (Primary)	Liquid	Less important, due to close ties with banks.	Less important, because to close ties with banks.	Less important, due to institutional funding.
Capital Market (Secondary)	Important, frequent hostile takeover possible	Not important, hostile takeovers rare.	Not important, hostile takeovers rare.	Not important, hostile takeovers rare.
Investor Commitment	Low	High, important in difficult times.	High, important in difficult times.	Low
Major investors	Institutional shareholders, individual shareholders, business network, employees, government and banks.	Banks, business network, employees, government, individual shareholders and institutional shareholders.	Business network, main bank, government, institutional shareholders, individual shareholders and employees	Directors and relatives, other corporates, foreign investors, government term lending institutions, public shareholding and institutional investors.

Board Composition	Executive and Non-Executive directors.	Two tier Boards, upper tier-supervisory board, lower tier-management board	Executive and Non-Executive directors (representing outside finance institutions).	Executive and Non-Executive directors.
Goal of the Board	To promote shareholder wealth	To promote long term organizational health	To promote long term organizational health	Short-term gains
Board independence over management	Little	High	Little formality, more informality	Little
Executive Compensation	High	Moderate	Low	Moderate subject to government approval
Employees	Low	High and institutionalized	High and loyal	Low
Strength	Dynamic, market based, liquid capital, internationalization, non-problematic	Long-term industrial strategy, stable capital, strong overseas investment, governance procedures	Long-term industrial strategy, stable capital.	Recent government and organizational activism (CII) towards corporate governance practices
Weakness	Instability, short-termism	Internationalization difficult, vulnerable to global capital market.	Secretive, corrupt practices growth in institutional activism and financial speculation in recent times	Lack of proper disclosures secretive corrupt practices instabilities.

Source: Fernando A. C. (2009). *Corporate governance: Principles, policies and practices.* New Delhi, India: Pearson Education.

3.5 Committees and Codes on Corporate Governance

A series of corporate collapses and failures that occurred in different parts of the world gave an important and valuable lesson. It was the exhortation to focus and strengthen the corporate governance. Recognizing the importance of corporate governance, a plethora of committees were set up and codes were developed around the world and in India to study the corporate governance 'norms' and 'standards' which need to be followed by the companies. These committees and codes came up with a number of recommendations which improved the corporate governance. This enhances corporate transparency and accountability and also restore investors' confidence.

3.5.1 Global Codes and Committees on Corporate Governance

The various codes and committees across the globe have attempted to continuously make the principles and practices of corporate governance more and more effective in the changing scenario of business developments. These are:

3.5.1.1 Cadbury Committee (1992)

The Cadbury Committee which was set up in the year 1991 under the chairmanship of Sir Adrian Cadbury was the first committee to be constituted to report on the financial aspects of corporate governance. The financial scandals in the 1980's involving UK listed companies, which led to a fall in investors' confidence in the quality of company's financial reporting were reported as some of the reasons behind the setting up of the committee to report on corporate governance matters. In 1992, the committee issued its report on the 'Financial Aspects of Corporate Governance' and subsequently produced a 'Code of Best Practice', covering three general areas, namely: the board of directors, auditing and shareholders. The committee recommended that all listed companies should incorporate a formal statement in their annual reports outlining whether or not they had implemented the Code in all respects. In case of non-compliance an explanation of the reason was sought.

3.5.1.2 Greenbury Committee (1995)

The Greenbury Committee was set up under the chairmanship of Sir Richard Greenbury by the Confederation of Business and Industry (CBI) to examine director's remuneration and to prepare a code of such practices for use by public limited companies of UK. On July 17, 1995, the committee submitted its report and incorporated a code of best practice, whose main issues focused on accountability, responsibility, full disclosure, alignment of director and shareholder interests, and improved company performance.

The committee recommended for setting up of remuneration committees (consisting of non-executive directors to avoid potential conflicts of interest). This included preparing annual reports to shareholders with full disclosure of remuneration policy for executive directors and other senior executives and the length of service contracts and compensation when these are terminated.

3.5.1.3 Hampel Committee (1998)

The Hampel Committee was established in November 1995 in UK under the chairmanship of Sir Ronald Hampel to review and revise the earlier recommendations of the Cadbury and Greenbury Committees. The Hampel Committee published its report in January 1998 and its recommendations were along similar lines and on similar issues as of Cadbury Committee Report. The committee introduced the combined code that consolidated the recommendations of both the Cadbury and Greenbury Committees. The combined code is appended to the listing rules of the London Stock Exchange and the compliance of the code has been made mandatory for all the listed companies in the UK. The committee has issued a list of governance principles related to the issues namely, role of directors, director's remuneration, role of shareholders, accountability and audit. The recommendations further include the roles and responsibilities of non-executive directors, the separation of the roles of the chairman from the chief executive and ensuring that nomination, remuneration and audit committees are composed largely of independent non-executive directors.

3.5.1.4 Turnbull Committee (1999)

The provisions of Combined Code (1998) stated that company directors should conduct a review of the effectiveness of the internal control systems and should report this information to shareholders. The Turnbull Committee was established by the Institute of Chartered Accountant in England and Wales (ICAEW) in 1999 to address the issue of internal control and to respond to the provisions in the Combined Code. The committee report asserts the responsibility of the directors in respect of internal control and risk management. The committee recommended that where companies do not have an internal audit function, the board should consider the need for carrying out an internal audit annually. The committee also recommended that board should confirm the existence of procedures for evaluation and managing the key risks.

3.5.1.5 Sarbanes-Oxley (SOX) Act (2002)

After the Enron debacle of 2001, major corporate scandals involving large US companies triggered another phase of reforms in corporate governance, accounting practices and disclosures. In July 2002, the Sarbanes-Oxley Bill was enacted in US and the Act brought with it fundamental changes in virtually every area of corporate governance.

The SOX Act aims to repose investor's confidence by providing for effective corporate governance, preventing corporate frauds and ensuring transparency and disclosures. The Act contains number of provisions concerning setting up of public company accounting oversight board, auditor independence, corporate responsibility, enhanced financial disclosures, analyse conflicts of interest, commission resources and authority, studies and reports, corporate and criminal fraud accountability, white-collar crime penalty, enhancement of corporate tax returns. These provisions dramatically changed the reporting and corporate director's governance obligations of public companies, the managers and officers.

3.5.1.6 Higgs Committee (2003)

As evidenced from the Enron case in UK, the non-executive directors were ineffective in performing their corporate governance role of monitoring the company's directors and were subject to conflicts of interest. The Higgs Committee published its report in 2003 on the role and effectiveness of non-executive directors. The Higgs report recommended a number of changes to the Combined Code specifically focusing on the role and effectiveness of non-executive directors. The major recommendations of the report included a greater proportion of non-executive directors on boards, establishment of nomination committee, and terms of reference of the remuneration for non-executive directors. The report also recommended that stronger links needed to be established between non-executive directors and companies' shareholders.

3.5.1.7 Smith Committee (2003)

The UK government in response to corporate scandals like those of Enron and Worldcom, established a committee under the chairmanship of Sir Robert Smith in 2002, with the aim of examining the role of audit committee in UK Corporate

Governance. The committee published its report in 2003. The report focuses on five main areas of the Audit Committee namely, purpose; membership; procedure and resources; relationship with the board; roles and responsibilities and communications with shareholders. The committee also proposed a new code provisions on the audit committee that should be incorporated in the Combined Code. The main purpose of the report is to make audit committees better able to probe and challenge both the executive management of the company and its auditors, and to rectify poor financial disciplines and bad financial reporting decisions.

Table 3.2: Summary of International Committees on Corporate Governance

Year	Name of the Committee	Focus
1992	Cadbury	The Cadbury report focused on the board of directors as being the most important corporate governance mechanisms, requiring constant monitoring and assessment. The accounting and auditing function were also shown to play an essential role in good corporate governance, emphasizing the importance of the corporate transparency and communication with shareholders and other stakeholders.
1995	Greenbury	The Greenbury Committee were keen to ensure that directors' remuneration was linked to company performance, and the committee did not seem to see a problem with high levels of pay per se, as long as they were justified on the basis of the company's financial results.
1998	Hampel	The Hampel report emphasized the need to maintain principles- based, voluntary approach to corporate governance rather than a more regulated and possibly superficial approach.
1999	Turnbull	The aim was to provide companies with general guidance on how to develop and maintain their internal control systems and not to specify the details of such a system.
2002	Sarbanes-Oxley Act	The Sarbanes-Oxley Act introduced sweeping corporate law changes relating to financial reporting, internal accounting controls, and personal loans from companies to their directors, whistle blowing and destruction of documents. In addition, SOX Act severely restricts the range of additional services that an audit firm can provide to a client.
2003	Higgs	The general recommendations included a greater proportion of non-executive directors on boards (at least half of the board) and more apt remuneration for non-executive directors.
2003	Smith	The main issue is dealt within the report concerned the relationship between the external auditor and the companies they audit, as well as the role and responsibilities of companies' audit committees.

Source: Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

3.5.2 Committees and Codes on Corporate Governance in India

In India, several committees had been appointed by the government to look into the various aspects of corporate governance which brought about different set of recommendations. A series of recommendations of the various committees that were formed to intensify the practices of corporate governance in India are presented below:

3.5.2.1 CII's Committee Report on "Desirable Code on Corporate Governance" (1998)

India's first major corporate governance reform proposal was initiated by the Confederation of Indian Industry (CII) in the year 1996 in the form of constitution of a National Task Force under the chairmanship of Mr. Rahul Bajaj (Past President, CII and Chairman & MD, Bajaj Auto Limited), to develop and promote a code for corporate governance to be adopted and followed by all classes of Indian companies. This was the result of growing concern about small investors' protection and the need to align with international disclosure policies. The committee submitted 'Voluntary Code On Corporate Governance' in April, 1998 and made recommendations related to board composition, role of non-executive directors and audit committee as well as executive remuneration, enhanced disclosure to shareholders, formation of audit committee, etc. The CII's Code on corporate governance was heavily influenced by corporate governance standards found outside India. It is one of the few codes in Asia that explicitly discusses domestic corporate governance problems and seeks to apply best-practice ideas to their solution (Rani & Mishra, 2013). Though this code was a significant step, but due to its voluntary nature it failed to make desired change in the governance landscape.

3.5.2.2 Kumar Mangalam Birla Committee on Corporate Governance (2000)

Since the CII's voluntary code was not enough to lure foreign investor to Indian markets, SEBI constituted a committee on corporate governance on May 7, 1999, under the chairmanship of Kumar Mangalam Birla to promote and raise the standards of corporate governance. The committee submitted its report on January 25, 2000 and it was a 'National Code on Corporate Governance' for listed companies primarily focusing on shareholders and investors but at the same time not overlooking the interests of other stakeholders. The committee gave both mandatory and non-mandatory recommendations on corporate governance. The mandatory recommendations catered to the applicability, board composition, board procedures, audit committee, remuneration committee and management discussion and analysis report, while non-mandatory recommendations include role of chairman, remuneration committee of the board, shareholder's rights, postal ballot procedure etc. The committee placed emphasis on independent directors and made specific recommendations regarding board representation and independence. The committee also placed importance to audit committee and made specific recommendations regarding the function and constitution of audit committees. Based on the recommendations of the committee, SEBI had specified principles of corporate governance and introduced a new Clause 49 which was incorporated in the Listing Agreement of the Stock Exchange. It was implemented within a time frame of three years commencing from the financial year 2000- 2001. The introduction and adoption of Clause 49 has been a major milestone in the evolution of corporate governance in India.

3.5.2.3 Report of the Task Force on Corporate Excellence through Governance (2000)

In May 2000, the Department of Company Affairs (DCA) set up a committee under the chairmanship of Dr. P.L. Sanjeev Reddy, to operationalise the concept of corporate excellence on a sustained basis, which intended to sharpen India's global competitive edge and further develop corporate culture in the country. The DCA has gone a step further to transplant the concept of corporate excellence through corporate governance. In November 2000, the committee produced a report containing a range of recommendations for raising governance standards among all companies in India. One of the recommendations of the committee suggested the setting up of a Centre for Corporate Excellence.

3.5.2.4 Naresh Chandra Committee on Corporate Audit and Committee (2002)

Following the corporate scandals involving large US companies such as Enron, WorldCom, Tyco, Global Crossing and subsequent enactment of Sarbanes-Oxley Act in the US, the Department of Company Affairs (DCA) in India under the Ministry of Finance and Company Affairs on 21 August 2002, had set up a committee under the chairmanship of Naresh Chandra (known as Naresh Chandra Committee) to examine various corporate governance issues and to recommend corporate governance reforms to be incorporated in the form of amendments to the Companies Act. The committee submitted its report in December, 2002 and made recommendations on the role of independent directors and on the auditor-company relationship.

The specific recommendations for the audit profession covers list of disqualifications for audit assignments (includes prohibition of any direct financial interest in the audient client, prohibition of receiving any loans and/or guarantees, prohibition of any business relationship, prohibition of personal relationships, prohibition of service or cooling off period, prohibition of undue dependence on an audit client), list of prohibited non-audit services, compulsory audit partner rotation, auditor's disclosure of contingent liabilities, auditor's disclosure of qualifications and consequent action, management's certification in the event of auditor's replacement, auditor's annual certification of independence, appointment of auditors, CEO and CFO certification of annual audited accounts (for all listed companies as well as public limited companies whose paid-up capital and free reserves exceeds Rs. 10 crore, or turnover exceeds Rs. 50 crore), setting up independent quality review board, and proposed disciplinary mechanism for auditors.

The committee's recommendations on the role of independent directors are: definition of independent director, percentage of independent directors, minimum board size, disclosure on duration of board meetings/committee meetings, tele-conferencing and video conferencing, additional disclosure to directors, independent directors on audit committees of listed companies, audit committee charter, remuneration of non-executive directors, exempting non-executive directors from certain liabilities, and training of independent directors.

The other recommendations cover the roles of SEBI, DCA, improving facilities in the DCA offices, and setting up of a corporate serious fraud office.

3.5.2.5 Narayana Murthy Committee on Corporate Governance (2003)

In late 2002, SEBI as part of its endeavor to improve the standards of corporate governance in line with the needs of a dynamic market constituted a committee on corporate governance under the chairmanship of N. R. Narayana

Murthy, to review the existing provisions of Clause 49 and suggest measures to improve corporate governance standards. The objective of the committee was to review the performance of corporate governance and to determine the role of companies in responding to price sensitive information circulating in the market, in order to enhance transparency and integrity of the market. The committee's report was released in February, 2003. The committee in its report observed that "the effectiveness of a system of corporate governance cannot be legislated by law, nor can any system of corporate governance be static. In a dynamic environment, system of corporate governance need to be continually evolved" (Institute of Company Secretaries of India [ICSI], 2014).

The committee had given key mandatory recommendations on audit committees, audit reports and audit qualifications, financial disclosures including those related to related party transactions and proceeds from IPOs, requiring corporate executive boards to assess and disclose business risks in the annual reports of the companies, adoption of formal code of conduct, nominee directors, disclosures relating to non-executive director compensation and shareholder's approval of the same. The non-mandatory recommendations include the training of board members and the evaluation of performance of board members. In October 2004, SEBI revised provisions of clause 49 of the listing agreement dealing with corporate governance, based upon the recommendations of the Narayana Murthy Committee's report. The revised Clause 49 came into effect from Jan 1, 2006.

3.5.2.6 J. J. Irani Committee (2005)

On December 2, 2004, Ministry of Company Affairs convened a committee under the chairmanship of Dr. Jamshed J. Irani (former MD, Tisco) to comprehensively revise the Companies Act, 1956 in the light of changes taking place in the national and international scenario. The committee submitted its report on May 31, 2005 covering some important issues of Company Law and Corporate Governance in India. The committee's recommendations covered the issues like classification and registration of companies, management and board governance, minority interest, investor's education and protection, accounts and audit, merger and amalgamation, investigation, offences and penalties, restructuring and liquidation. The committee further highlighted some critical issues pertaining to the appointment of independent directors on company boards. Based on the recommendations of the J.J. Irani Committee, the GOI introduced the Companies Bill, 2008 in the Indian Parliament.

3.5.2.7 Corporate Governance Voluntary Guidelines (2009)

After the Satyam scandal which was the country's biggest corporate governance failure, the CII formed a task force under the chairmanship of former cabinet secretary Naresh Chandra which came out with its report enumerating a set of voluntary recommendations with an objective to establish higher standards of corporate governance in the country. The Ministry of Corporate Affairs (MCA) in late 2009, based on these recommendations provided the "Corporate Governance Voluntary Guidelines 2009". These guidelines were designed to encourage companies to adopt better practices in the running of boards and board committees. The Guidelines cover the issues like: board of directors, responsibilities of the board, audit committee of the board, auditors, secretarial audit, and institution of mechanism for whistle blowing.

3.5.2.8 Other Recent Committees

- The National Association of Software and Services Companies (NASSCOM) formed a Corporate Governance and Ethics Committee under the chairmanship of Mr. N. R. Narayana Murthy. The Committee came out with its recommendations in mid-2010. The focus of the recommendations were on the stakeholders, audit committee, whistleblower policy and shareholders' rights.
- In 2010, the Institute of Companies Secretaries (ICSI) of India came out with a series of corporate governance recommendations to strengthen the corporate governance framework in the country.
- In March 2012, Ministry of Corporate Affairs constituted a committee under the chairmanship of Mr. Adi Godrej, Chairman, Godrej Industries Limited. The aim of the committee was to formulate policy document on corporate governance. The Committee submitted its document in September, 2012. It provided seventeen guiding principles on corporate governance.

3.6 Clause 49 of Listing Agreement

"The growth of capital market activity and the increasing importance of equity as a source of corporate finance was triggered in the early 1990s by the initiation of comprehensive capital market reforms. The cornerstone of these reforms dealing specifically with the governance of listed companies has been the Clause 49 of Listing Agreement" (Sarkar & Sarkar, 2012).

The introduction of Clause 49 has been a major milestone in the history of corporate governance in India. In 2000, SEBI implemented Birla Committee recommendations through the insertion of new section, Clause 49 in the Listing Agreement of Stock Exchange. Clause 49 was implemented in three phases from the period March 31, 2000 to March 31, 2003. The provisions of Clause 49 is similar to the Sarbanes-Oxley (SOX) Act in the United States. SEBI has made subsequent revisions in the original Clause 49 from time to time in accordance with the recommendations of various committees and codes.

Following the Narayana Murthy Committee recommendations, SEBI revised Clause 49 of listing Agreement in October 2004. The compliance of the provisions of Clause 49 has been made applicable to all the listed companies in India with effect from January 1, 2006. The provisions of the revised clause 49 were applied to those companies which were having a paid up share capital of Rs. 30 million and above or with a net worth of Rs. 250 million or more in the history of the company, by April 1, 2005. In case of the listed entities incorporated under other statutes like financial institutions, public and private sector banks, insurance companies etc., the revised Clause 49 would be applicable to the extent that does not violate the rules or guidelines of relevant regulatory authorities. The revised Clause 49 does not apply to the mutual funds at all. Companies that do not comply with Clause 49 can be charged financial penalties or de-listed.

"The revised Clause 49 has suitably pushed forward the original intent of protecting the interests of investors through enhanced governance practices and disclosures. Corporate managers and investors agree that while it can be argued that complying with these requirements involves a significant amount of effort, there can be no doubt that these are an essential step towards bringing Indian capital markets and governance standards in line with the rest of the world" (Bhasin, 2012).

The key features of Revised Clause 49 regulations deals with the following:

Mandatory Requirements of Clause 49

1. Composition of the Board of Directors
2. Composition and functioning of Audit Committee
3. Disclosures related to subsidiary companies
4. Disclosures regarding Related Party Transactions, Accounting Treatment, Risk Management, Remuneration of Directors, etc.
5. CEO/CFO certification of financial statements of the company
6. Reporting on corporate governance as a separate section in the annual report
7. Certification of compliance with the provisions of Clause 49 either from the auditors or company secretaries.

Non Mandatory Requirements of Clause 49

1. Constitution of Remuneration Committee
2. Shareholder Rights
3. Audit Qualification
4. Training and Evaluating Performance of Board Members
5. Adoption of Whistle Blower Mechanism for employees

In order to align Clause 49 with the provisions of Companies Act, 2013, SEBI again replaced Clause 49 (2004) with New Clause 49 (2014). With these revisions and modification in Clause 49, SEBI has played a significant role in improving the standards of corporate governance in India.

The new Clause 49 of the Listing Agreement shall be applicable to all the listed companies with effect from October 1, 2014. However, the provisions of new Clause 49 shall not be mandatory in respect of the following classes of companies:

a. Companies having paid up equity share capital not exceeding Rs. 10 crore and net worth not exceeding Rs. 25 crore, as on the last day of the previous financial year, and

b. Companies whose equity share capital is listed exclusively on the SME (Small and Medium Enterprises) and SME - ITP (Institutional Trading Platform) Platforms.

3.7 Companies Act, 2013 and Corporate Governance

After a very long wait and sustained efforts, the Government of India introduced the landmark legislation - Companies Act, 2013. The Company Act, 2013 for the first time has included some new provisions for the betterment of good corporate governance, corporate performance, social soundness of business, etc. to ensure better financial transparency, firm performance and investor confidence. It has tried to fill up the loopholes of the existing 56 year old company law and has replaced the Companies Act, 1956. It makes sweeping changes in the corporate governance system of the country. The emphasis of the new Companies Act lies in liberalization and free flow of information which would influence efficiency in the context of a market economy.

The main objectives behind re-enacting the existing companies act or introducing the new Companies Act, 2013 are:

- Bringing flexibility & adoption of internationally accepted practices,
- Effective protection for different sections of the Society,
- Self-regulation with more disclosures,
- Stringent punishment for violation,
- Efficient enforcement of law, and
- Healthy growth of the Indian economy

The Companies Act, 2013 is a positive and welcome step towards modernising India's company law. It envisages radical changes in the sphere of corporate governance in India and sets higher standards of corporate governance which are at par with those in developed nations through the introduction of key provisions such as business friendly corporate regulation, e-governance initiatives, good corporate governance, corporate social responsibility, enhanced disclosure norms, enhanced accountability of management, audit accountability, protection for minority shareholders, investor protection and activism and better framework for insolvency regulation and institutional structure.

Corporate governance issues such as optimum board composition, appointment of independent directors, performance evaluation of directors, board processes including frequency of board meetings and its committees, mandatory board committees, enhanced disclosures, related party transactions, rotation of auditors, corporate social responsibility and so on, have always been under scan of the regulators across the world. This results into enhanced disclosure requirements and reporting framework. Besides, corporates have also realized that governance is a critical issue which needs to be addressed for long term sustainability in addition to economic gain.

In response to global development, Indian regulatory framework has witnessed improvements in corporate governance norms in phased manner. Since the last two decades, SEBI has been taking initiatives in revamping corporate governance norms in the form of reports by various expert committees, introduction of Clause 49 to the listing agreement and its amendments at regular intervals in line with the internal best practices. SEBI has been working on improving the Indian governance systems and processes through listing agreement. Recently SEBI has amended Clause 49 of the listing agreement to align it with the provisions of the Companies Act, 2013 and replaced the existing Clause 49 with a revised Clause 49 which came into effect from October 01, 2014. The revised Clause 49 is based on the principle of ensuring equitable treatment to all the shareholders and recognizing the need of all the stakeholders in the company. It provides additional requirement to strengthen the corporate governance framework for listed companies in India. It is expected that the revised Clause 49 (2014) would go a long way in providing good corporate governance framework in the country. Annexure-IV provides a comparative study of New Clause 49 (2014) with Old Clause 49 (2004) and Companies Act, 2013.

3.8 Summary

The present chapter has plotted the corporate governance theories and the different models of corporate governance which are still in the process of evolution. There is no single model which is considered as the best model of corporate governance. Different countries have adopted different structures in governing their companies depending upon economic environment, government policy, capital and money market systems, etc. It also highlights the various codes and committees developed across the world and in India to continuously make the principles and practices of corporate governance more and more effective in the changing scenario of business developments. The recommendations of these committees are incorporated from time to time in the existing laws and regulations to raise the corporate governance standards of the country. The Clause 49 and its amendments over the time have been briefly discussed in the present chapter. It also focused on the Companies Act, 2013 which for the first time has included some new provisions for the betterment of good corporate governance, corporate performance, social soundness of business, etc. to ensure better financial transparency, firm performance and investor confidence. It makes sweeping changes in the corporate governance system of the country.

The next chapter presents a brief profile of the companies selected for the study. It also analyses the corporate governance practices of the companies by measuring it in terms of corporate governance score.

References

Berle, A., & Means, G. (1932). *The modern corporate and private property.* New York: McMillian.

Bhasa, M. L. (2004). Understanding the corporate governance quadrilateral. *Corporate Governance: The International Journal of Business in Society, 4*(4), 7-15. doi:10.1108/14720700410558844

Bhasin, M. L. (2012). Voluntary corporate governance disclosures made in the annual reports: An empirical study. *International Journal of Management and Innovation, 4*(1), 46-67.

Blair, M. M. (1995). *Ownership and control: Rethinking corporate governance for the twenty-first century.* Washington, D.C.: Brookings Institute.

Cadbury, A. (1992). *The Committee on the financial aspects of corporate governance.* London: Gee and Company. Retrieved from http://www.ecgi.org/codes/documents/cadbury.pdf

Claıke, T. (2004). *Theories of corporate governance: The philosophical foundations of corporate governance.* London: Routledge Taylor & Francis Group.

Confederation of Indian Industry. (1998). *Desirable corporate governance: A code.* Retrieved from http://www.nfcgindia.org/library/ciicode.pdf

Dalton, D. R., Daily, C. M., Ellstrand, A. E., & Johnson, J. L. (1998). Meta-analytic reviews of board composition, leadership structure, and financial performance. *Strategic Management Journal, 19*(3), 269-281. doi:10.1002/(SICI)1097-0266(199803)19:3<269::AID-SMJ950>3.0.CO;2-K

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20-47. doi:10.2307/259223

Donaldson, L. (1990). The ethereal hand: Organizational economics and management theory. *Academy of Management Review, 15*(3), 369-381. doi:10.5465/AMR.1990.4308806

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*(1), 49-64. doi:10.1177/031289629101600103

Donaldson, L., & Davis, J. H. (1994). Boards and company performance-Research challenges the conventional wisdom. *Corporate Governance: An International Review, 2*(3), 151-154. doi:10.1111/j.1467-8683.1994.tb00071.x

Donaldson, T., & Preston, E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review, 20*(1), 65-91. doi:10.5465/AMR.1995.9503271992

Fernando, A. C. (2009). *Corporate governance: Principles, policies and practices.* New Delhi, India: Pearson Education.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach.* Boston: Pitman.

Gales, L. M., & Kesner, I. F. (1994). An analysis of board of director size and composition in bankrupt organizations. *Journal of Business Research, 30*(3), 271-282. doi:10.1016/0148-2963(94)90057-4

Gray, R. H., Owen, D. L., & Adams, C. (1996). *Accounting and accountability: Changes and challenges in corporate social and environmental reporting.* Hemel Hempstead, UK: Prentice-Hall.

Hillman, A. J., Cannella, A. A., & Paetzold, R. L. (2000). The resource dependence role of corporate directors: Strategic adaptation of board composition in response to environmental change. *Journal of Management Studies, 37*(2), 235-256. doi:10.1111/1467-6486.00179

Institute of Company Secretaries of India. (2014). *Corporate Governance Clause 49 of Listing Agreement vis-à-vis Companies Act, 2013.* New Delhi, India: ICSI House.

Jain, S., & Nigam, N. K. (2014). Companies Act, 2013 – A new wave in corporate governance. *Indian Streams Research Journal, 3*(12), 1-9. doi:10.9780/22307850

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American Economic Review, 76*(2), 323-329.

Jensen, M. C. (1989). The evidence speaks loud and clear. *Harvard Business Review, 67*(6), 186-188.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 4*(3), 305-360.

John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of Banking & Finance, 22*(4), 371-403. doi: http://dx.doi.org/10.1016/S0378-4266(98)00005-3

Jones, T. M., & Wicks, A. C. (1999). Convergent stakeholder theory in management research. *Academy of Management Review, 24*(2), 206-221. doi: 10.5465/AMR.1999.1893929

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics, 58*(1), 3-27.

Letza, S., Kirkbride, J., Sun, X., & Smallman, C. (2008). Corporate governance theorizing: Limits, critics and alternatives. *International Journal of Law and Management, 50*(1), 17-32. doi:10.1108/03090550810852086

Maher, M., & Andersson, T. (2000). Corporate governance: Effects on firm performance and economic growth. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id =218490

Monks, R. A. G., & Minow, N. (1995). *Corporate governance.* Cambridge: Blackwell.

OECD. (2004). *OECD Principles of Corporate Governance 2004.* Paris: OECD Publications. Retrieved from http://www.oecd.org/corporate/ca/corporate governanceprinciples/31557724.pdf

Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

Rappaport, A. (1986). *Creating shareholder value: A guide for managers and investors*. New York: Free Press.

Sarkar, J., & Sarkar, S. (2012). *Corporate governance in India.* New Delhi, India: SAGE Publications India Pvt. Ltd.

SEBI. (2003). *Report of the SEBI committee on corporate governance.* Mumbai: SEBI. Retrieved from www.sebi.gov.in/commreport/corpgov.pdf

Sharma, J. P. (2013). *Corporate governance, business ethics and CSR.* New Delhi, India: Ane Books Pvt. Ltd.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance, 52*(2), 737-783. doi:10.1111/j.1540-6261.1997.tb04820.x

Smith, A. (1776). *The Wealth of Nations.* New York: Modern Library.

Solomon, J. (2007). *Corporate governance and accountability.* Chichester, England: John Wiley & Sons Ltd.

Turnbull, S. (1997). Corporate governance: Its scope, concerns and theories. *Corporate Governance: An International Review, 5*(4), 180-205. doi:10.1111/ 1467-8683.00061

Wallace, J. S. (2003). Value maximization and stakeholder theory: Compatible or not. *Journal of Applied Corporate Finance, 15*(3), 120-127. doi:10.1111/j.1745-66 22.2003.tb00466.x

Wikipedia. (n.d.). Stakeholder Theory. Retrieved from https://en.wikipedia.org/wiki/ Stakeholder_theory#/media/File:Stakeholder_(en).png

Chapter-4

PROFILE AND CORPORATE GOVERNANCE PRACTICES OF COMPANIES

CHAPTER - 4

PROFILE AND CORPORATE GOVERNANCE PRACTICES OF COMPANIES

4.1 Introduction

The present chapter is devoted to the study of governance practices in action in the Indian corporate sector. Also, data and information is garnered with regard to the system, mechanism and process as well as the standard, quality and effectiveness of corporate governance in Indian companies. The chapter also gauges the performance of corporations in respect of governance as also about the trust good governance inculcates in the mind and feelings of investors and other stakeholders towards the corporation.

The study of varied aspects of corporate governance in India is conducted on the basis of a sample of five companies selected out of the universe comprising a huge number of large, well-established and financially sound companies operating in India. The sampled companies are Tata Consultancy Services Ltd. (TCS), Oil and Natural Gas Corporation Ltd. (ONGC), Reliance Industries Ltd. (RIL), ITC Ltd. and Infosys Ltd. A detailed profile of each of these sampled companies is presented in this chapter. In addition, the chapter also presents the corporate governance scores obtained by each of the selected companies measured on pre-specified parameters of good governance. The score is calculated for each financial year of the period 2006 to 2014 for this study.

4.2 Selection of Sample

Corporate sector in India comprises of a fairly large number of companies predominantly Indian but multinationals too. Moreover, the companies are categorized according to size into large, medium and small companies. Though good governance is recognized as an important element for sound and successful functioning of the organization; the system and mechanism, process and implementation; quality and effectiveness of governance vary inter-corporate in the country. The choice of sample for this study, therefore, had to be viewed keeping in mind that the governance practices followed in the selected companies are of the type, quality and standard commensurate to the objectives and requirements of the study. Hence, a deliberative criterion has been formulated for sample selection out of the available universe which makes it imperative that the sampled companies are listed companies, drawn from large-size segment, multi-unit corporations, represent different industries, leading entities in their respective industry, adopting and following governance practices of universal standard and quality, and most importantly the sampled companies maintain data and information on corporate governance which is useful for this study.

The population or universe of the study constitutes the companies listed on BSE Sensex. The selection of the companies is made on the ground that the BSE Sensex represents a proper mix of companies from possibly all industries and their scripts dominate and influence the stock market movement of the country. Further, these companies are considered as reputed, financially sound and have well-traded stock. The sample size of the study consists of five companies having high market capitalization (as on 26 September, 2014). The five companies for the sample of this study qualifying the deliberative criteria emerged are Tata Consultancy Services Ltd. (TCS), Oil and Natural Gas Corporation Ltd. (ONGC), Reliance Industries Ltd. (RIL), ITC Ltd. and Infosys Ltd. The company Coal India Ltd. is dropped from the selection list as the company became listed in the year 2010 and goes beyond the time span considered for the study. The purposive sampling technique has been applied while selecting the sample size. Each of these sampled companies are profiled below with particular focus on corporate governance practices prevalent in each of these companies selected for this study.

4.3 Profile of Selected Indian Companies

4.3.1 Tata Consultancy Services (TCS) Limited

Tata Consultancy Services Limited (TCS) is a leading global IT services, consulting and business solutions company. TCS started in 1968 and it is a part of the most respected business conglomerate Tata group. TCS operates in 42 countries with its headquarters in Mumbai, India. TCS has more than 132 global locations where its business activity is undertaken. The markets served by TCS Ltd. are North America, Latin America, UK and Ireland, Europe, Middle East, Africa, Asia Pacific and India.

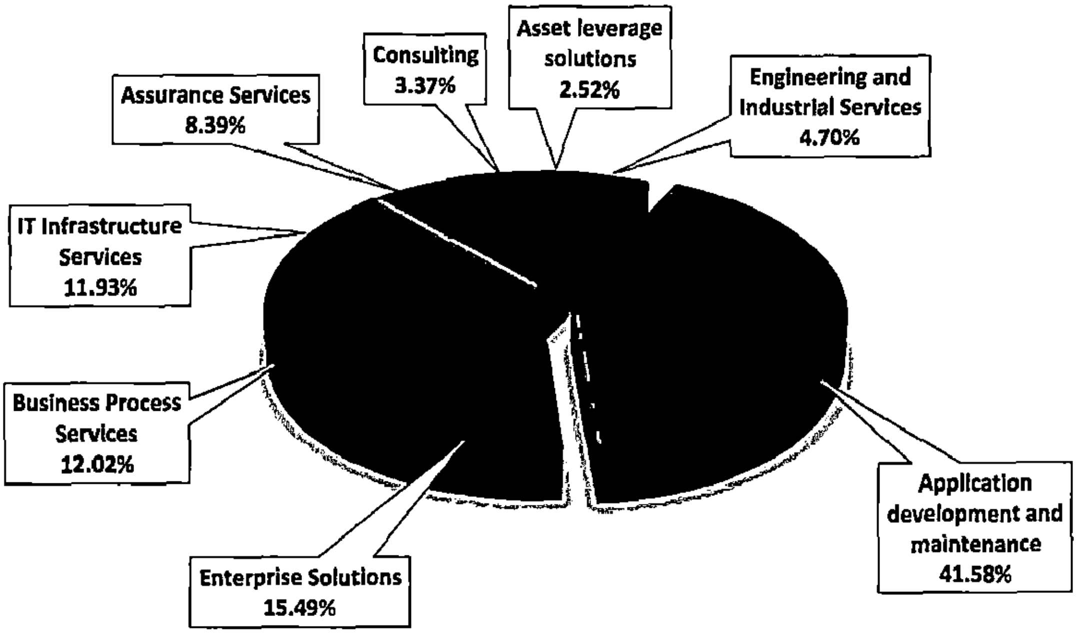
The company is listed on BSE and NSE of India. The company became publicly listed on August 9, 2004. In 2014, TCS was ranked No.1 IT service provider for the Manufacturing in Europe, Middle East and Africa by International Data Corporation. TCS is one of the Indian largest companies by market capitalization of $80 billion and is the largest Indian IT services company by 2013 revenues. Brand Finance placed the TCS among the 'Big 4' most valuable IT services brands worldwide. With 58% growth in brand value, the TCS is the world's fastest growing Information Technology services brand in 2013. In 2014, TCS ranked 57 in the Forbes World's Most Innovative Companies. In terms of revenue, the company is the world's 10th largest IT services provider. The company has also won Gold Shield award for excellence in financial reporting from Institute of Chartered Accountants of India (ICAI) in the year 2012 (TCS Annual Report, 2013-14).

The company's success is due to the orderly execution of complex projects and the customer centricity. It offers full range of capabilities that its customers require for growth opportunities and facing many business challenges. The company has extended its relationships with technology partners, increased associations with academic institutions and raised technologies and ideas of people within TCS and outside. According to TCS Annual Report 2014-15, TCS had more than three lakh employees, out of which 31% are women employees. The company invests on AIP (Academic Interface Programme) initiatives to develop faculty for academic institutes, improve employability of students and developing the curriculum as per the requirements of the industry.

TCS and its 64 subsidiaries offers a wide range of IT related products and services. These are:

- Application Development and Maintenance (ADM),
- Enterprise Solutions (ES) including Business Intelligence,
- Business Process Services,
- IT Infrastructure Services,
- Assurance Services (AS),
- Engineering and Industrial Services (EIS),
- Asset Leverage Solutions (ALS), and
- Consulting

Graph 4.1: Revenue by Segment – TCS Ltd.

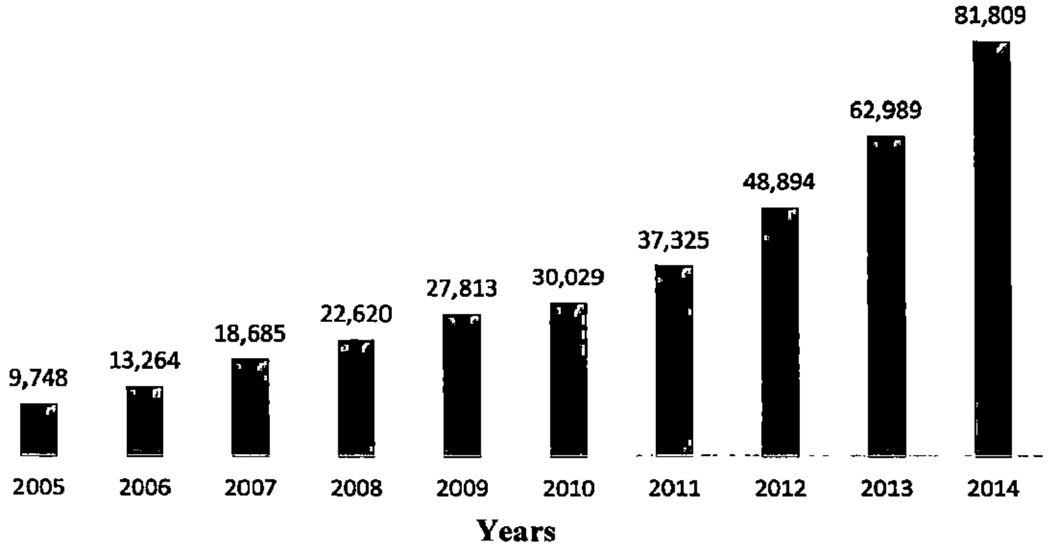


Source: TCS Ltd. Annual Report, 2013-14

Graph 4.1 depicts that ADM is the major contributor to the company's total revenue as it contributes 41.58% of total revenue. The enterprise solutions contributes 15.49% in total revenue. Business Process Services segment of TCS which helps its customers to automate and complete non-core business tasks contributes 12.02 percent of revenue. The IT Infrastructure Services of TCS builds and maintains IT infrastructure for its customers and contributes 11.93% of revenue. The AS, EIS, ALS and Consulting contributes 8.39%, 4.70%, 2.52% and 3.37% respectively.

The growth momentum of the company is described in the way the company shows strong financial results, win new customers, attract top global talent and strengthen existing customer relationships. TCS Ltd. is not only the valuable Indian company but also one of the world's most valuable IT services company. The total revenue of the company in the year 2014 grew to $13.44 billion. This is a remarkable 8 percent increase in ten years with a Compounded Annual Growth Rate (CAGR) of 26.66%. The Graph 4.2 below shows the total revenue of TCS in the last ten years.

Graph 4.2: Revenue (Rs. Crores) – TCS Ltd.



Source: TCS Ltd. Annual Reports, 2005-14.

Over the last ten years, the TCS Ltd. had a remarkable CAGR in Europe (34%), United Kingdom (28%), and North America (25%). The compounded annual growth rate in new markets which comprises Asia-Pacific, Latin America, Middle East and Africa has been more than 35%.

The corporate governance practices at TCS Ltd. speak volume about strong, fair and transparent ethical values. Its corporate governance philosophy has been strengthened through the Tata Code of Conduct for Prevention of Insider Trading, the Tata Business Excellence Model and the Code of Corporate Disclosure Practices.

> *"Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Tata culture and ethos. The Company continues to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the Tata companies. The Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies".*
>
> \- TCS Annual Report, 2013-14.

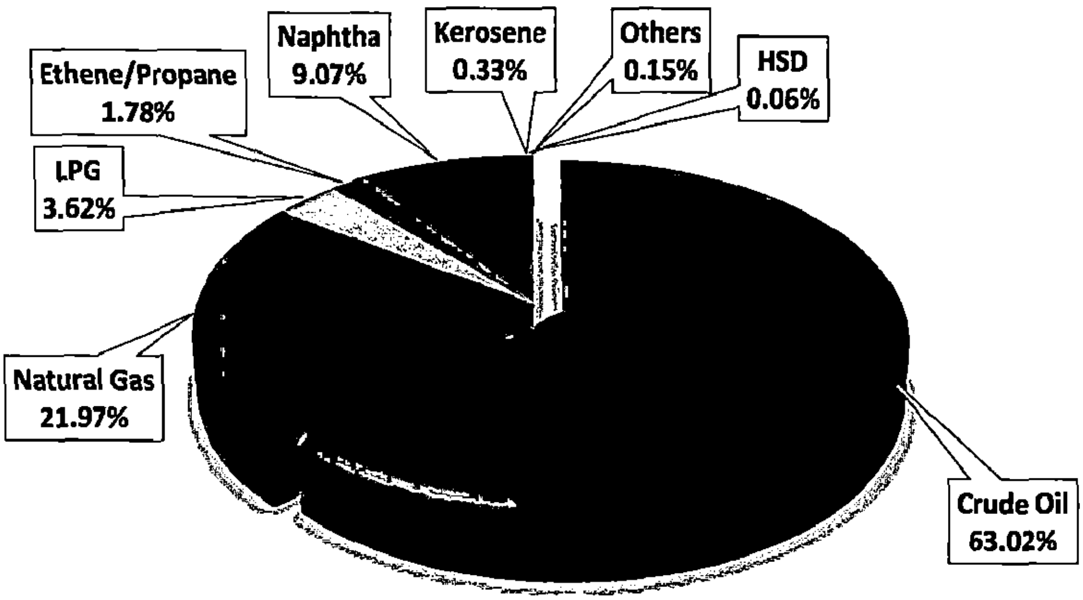
4.3.2 Oil and Natural Gas Corporation (ONGC) Limited

Oil and Natural Gas Corporation (ONGC) Limited which was founded on August 14, 1956 by the Government of India, is now an Indian multinational oil and gas company with headquarters in Dehradun, India. Oil and Natural Gas Corporation (ONGC) Ltd. is the most valuable Indian Public Enterprise of the GOI with Rs. 4 trillion market capitalization. It is one of the Maharatna Public Sector Enterprises of Government of India (as on 26 October, 2014). It is under the administrative control of Ministry of Petroleum and Natural Gas. It is the largest oil and gas exploration and production Indian company. The company produces nearly 69% of India's crude oil and 62% of its natural gas. As on April 01, 2014, the total number of employees working with the company was 33,911. ONGC has been ranked at 176th position among the world's biggest companies in 2014 Forbes Global 2000 list. As per the Platts 2013 rankings, the company was ranked 3rd largest listed Exploration and Production Company in the world and was ranked world's 22nd Energy company based on Revenue, Asset, Profit and ROCE. The Economic Times-Brand Equity ranked ONGC as the 14th most valued brand in 2013. As per the CNN (Cable News Network) Money, ONGC is the only Indian Public Sector Undertaking that has been declared as one of the Fortune World's most Admired Companies of 2014. ONGC was also the recipient of Golden Peacock Award for Corporate Social Responsibility in 2013.

ONGC's overseas operations are managed by ONGC Videsh Limited (ONGC Videsh), a fully owned subsidiary. ONGC Videsh currently has 33 projects across 16 countries. The major international locations of the company as per oil and gas production are: Russia, Vietnam, Sudan, Venezuela, South Sudan and Colombia. ONGC's another subsidiary is Mangalore Refineries and Petrochemicals Limited (MRPL) which is located in Mangalore, India.

The core business of ONGC is exploration and production of oil and gas. Its business spread to processing of crude oil and natural gas; oil field services, transportation of oil and natural gas, production of various value added products. The value added products consists of LPG (Liquefied Petroleum Gas), Superior Kerosene Oil, Naphtha, ATF (Aviation Turbine Fuel), C2-C3 (Ethane/Propane), Refining, Power, Petrochemicals, Unconventional and alternate sources of energy. ONGC markets its domestic products to Indian oil and gas refining and marketing companies namely Indian Oil, Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). It also supplies its crude oil to its subsidiary MRPL. It delivers its value added products to the Indian consumers. The Graph 4.3 below shows the proportion of each segment in the company's revenue. It shows that the crude oil contributes 63.02% in total revenue and natural gas contributes 21.97% in the total revue. This is followed by Naphtha, LPG, Ethene/Propane, Kerosene, High Speed Diesel (HSD) and others (ONGC Annual Report, 2013-14).

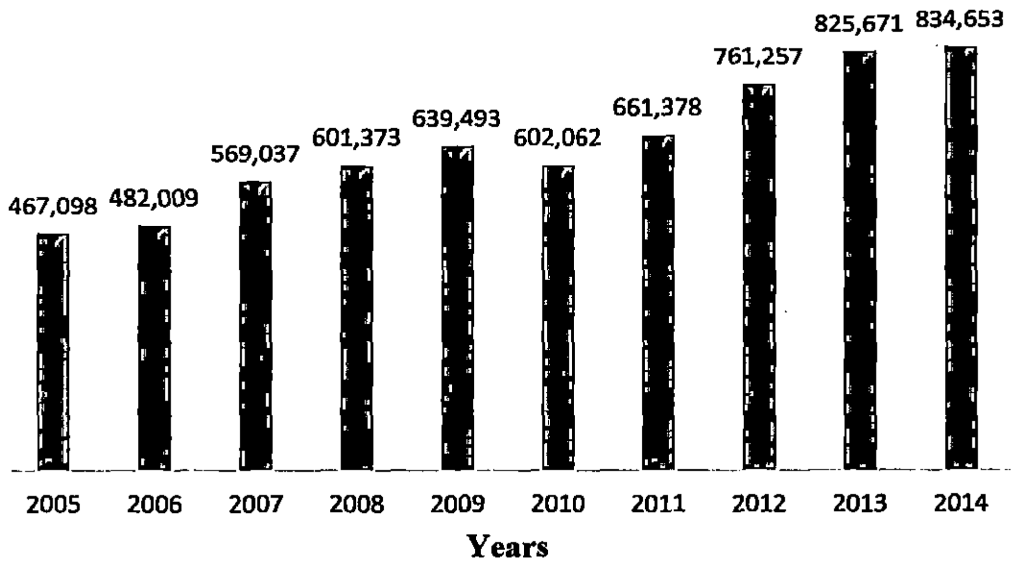
Graph 4.3: Revenue by Segment – ONGC Ltd.



Source: ONGC Annual Report, 2013-14

Graph 4.4 shows the revenue trend of ONGC for the last ten years. In the last ten years, the company showed the increasing trend in revenue except the year 2010 in which it fell down by 5.85%.

Graph 4.4: Revenue (Rs. Crore) – ONGC Ltd.



Source: ONGC Ltd. Annual Reports, 2005-2014.

> *"In ONGC, one of our key business objectives is to engage our stakeholders with best-in-class corporate governance practices. At ONGC, Corporate Governance has moved beyond mere compliance. It ensures trustworthy relations between the Company and its stakeholders. With a view to percolate the values of fairness, transparency, accountability and responsibility among the stakeholders, ONGC has endeavoured to adopt best industry practices".*
>
> - ONGC Annual Report, 2013-14.

ONGC has achieved the "ICSI National Award for Excellence in Corporate Governance for 2013"; "Best Corporate Governance Award-2012" by the Indian Chamber of Commerce. The company was awarded "Golden Peacock Global Award for Corporate Governance" by World Council for Corporate Governance, UK in 2005, 2007, 2008, 2009 and 2013.

4.3.3 Reliance Industries Limited

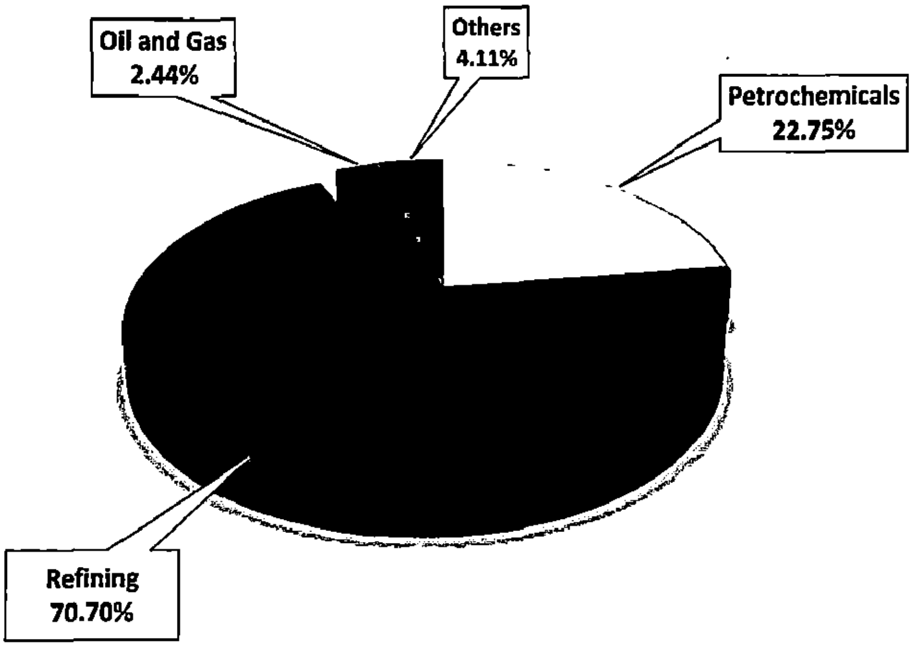
Reliance Industries Limited (RIL) was founded in 1966 by Dhirubhai Ambani. RIL is India's largest private sector company with headquarter in Mumbai, Maharashtra, India. The company's equity shares are listed on the NSE and the BSE of India. The company's business sectors includes petrochemicals, communications, construction, energy, science and technology, health care, natural resources, retail, textiles, and logistics. Reliance Industries contributes 14.7% of India's total exports, 4% of India's total market capitalization and have 8% weightage in BSE Sensex. It is the first Indian private sector company which is included for the last ten consecutive years in Fortune Global 500 list of 'World's Largest Companies'. It is ranked 107th in terms of revenues and 128th in terms of profits in the year 2013. RIL's business activity is carried over in more than 16 international locations and in more than 50 domestic locations. During the year 2013-14, RIL exported its products and services to 123 countries worldwide along with Indian markets. As on March 31, 2014, the total number of employees working with the company was 23,853 (RIL Annual Report, 2013-14).

RIL offers the following products and services through different brands:

- Exploration and Production of Crude Oil and Natural Gas
- Refining including LPG, Propylene, Naphtha, Gasoline, Superior Kerosene Oil, Jet / Aviation Turbine Fuel, HSD, Sulphur and Petroleum Coke.
- Petrochemicals – Polymers
- Chemicals
- Petrochemicals - Polyester & Fibre Intermediates
- Textiles
- Retail
- Petroleum Retail and Lubricants

Graph 4.5 below depicts the contribution of each segment to the RIL's total revenue. It is observed that refining segment contributes more to the company's total revenue (70.70%). Petrochemicals also have a good proportion in the total revenue. This is followed by oil and gas and other segments.

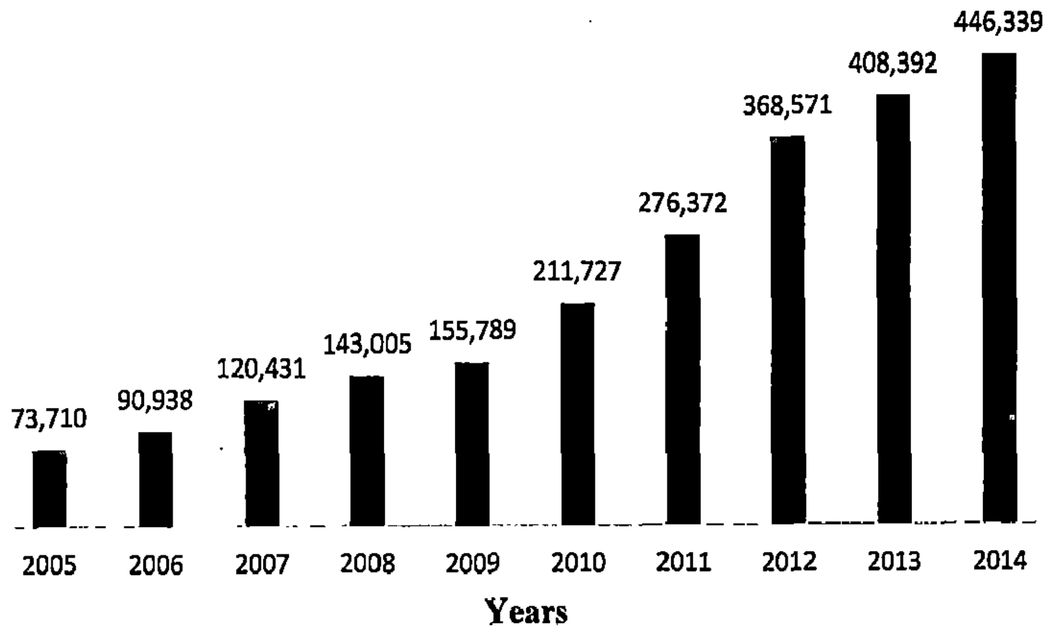
Graph 4.5: Revenue by Segment – Reliance Industries Ltd.



Source: Reliance Industries Ltd. Annual Report, 2013-14

The Reliance Industries Ltd. shows an increasing trend in revenue growth over the period of last 10 years as presented in Graph 4.6 below.

Graph 4.6: Revenue (Rs. Crore) – Reliance Industries Ltd.



Source: Reliance Industries Ltd. Annual Reports, 2005-2014.

At RIL, the corporate governance is about maintaining a valuable relationship and trust with all its stakeholders. Stakeholders are considered as partners in company's success. RIL is committed to maximize the stakeholder value. The company has a defined policy framework for ethical conduct of business and its business conduct rests on the nine core values of Honesty, Integrity, Fairness, Trust, Respect, Purposefulness, Responsibility, Courage and Citizenship.

> *"RIL not only adheres to the prescribed corporate governance practices as per Clause 49 of the Listing Agreement with the Stock Exchanges in India (Listing Agreement), but is also committed to sound corporate governance principles and practices. It constantly strives to adopt emerging best practices being followed worldwide. It is our endeavour to achieve higher standards and provide oversight and guidance to the management in strategy implementation, risk management and fulfilment of stated goals and objectives".*
>
> - RIL Annual Report, 2013-14.

4.3.4 ITC Limited

ITC Limited is an Indian conglomerate which was incorporated in 1910 under the name Imperial Tobacco Company of India Limited. Its headquarter is located in Kolkata, West Bengal. In 1970, company's name was changed to India Tobacco Company Limited and then to I.T.C Limited in 1974. The full stops in the name of the company were removed from September 18, 2001. The company now stands enriched ITC Limited. Its equity shares are listed on NSE, BSE and Calcutta Stock Exchange. ITC is a multi-business enterprise having market capitalisation of $45 billion and a turnover of $7 billion. The company is rated among the World Best Big Companies, and the Most Reputable Companies of world by Fortune India magazine and Hay Group. It has been listed among India's Most Valuable Companies by Business Today magazine and also ranked among Asia's 50 best performing companies by Business Week. As per the study conducted by Brand Finance, ITC is among the 10 most valuable brands of India.

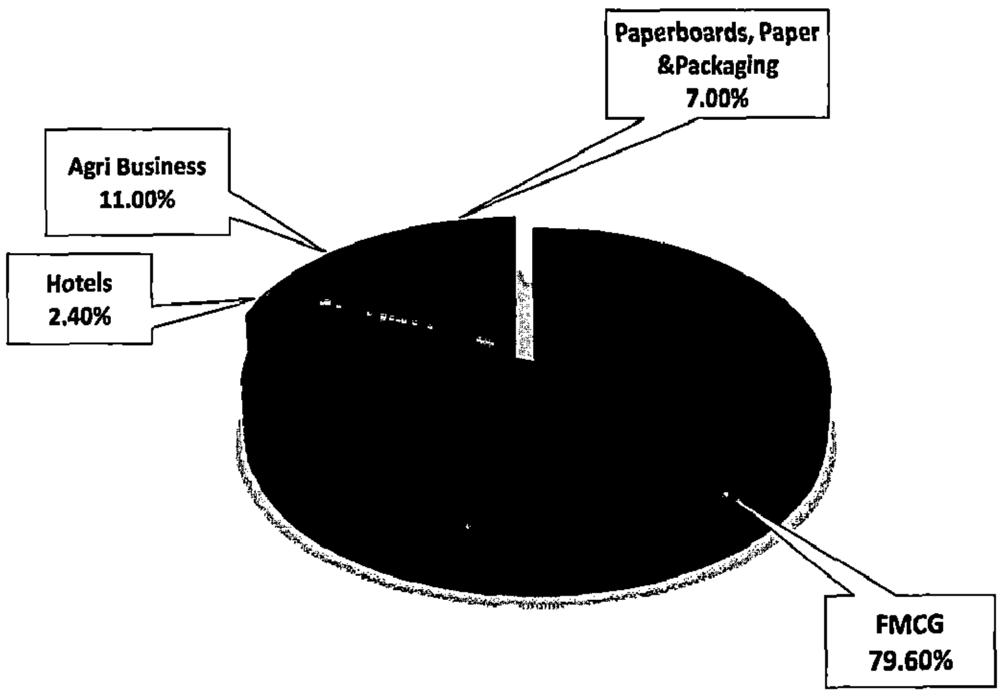
The ITC has 27 subsidiaries including subsidiaries outside India. The company's products and services are served into a number of national markets and are exported to a number of countries. As on March 31, 2014, the total number of employees working with the company was 25,917 (ITC Annual Report, 2014-15).

The company deals in wide range of businesses which are as follows:

- Fast Moving Consumer Goods
- Hotels
- Paperboards, Paper and Packaging
- Agribusiness

Graph 4.7 depicts the contribution of each segment to the ITC's total revenue. It is observed that FMCG segment is the major contributor to ITC's total revenue (79.6%). Agribusiness contributes 11% to the company's revenue followed by paperboards, paper and packaging; and hotels.

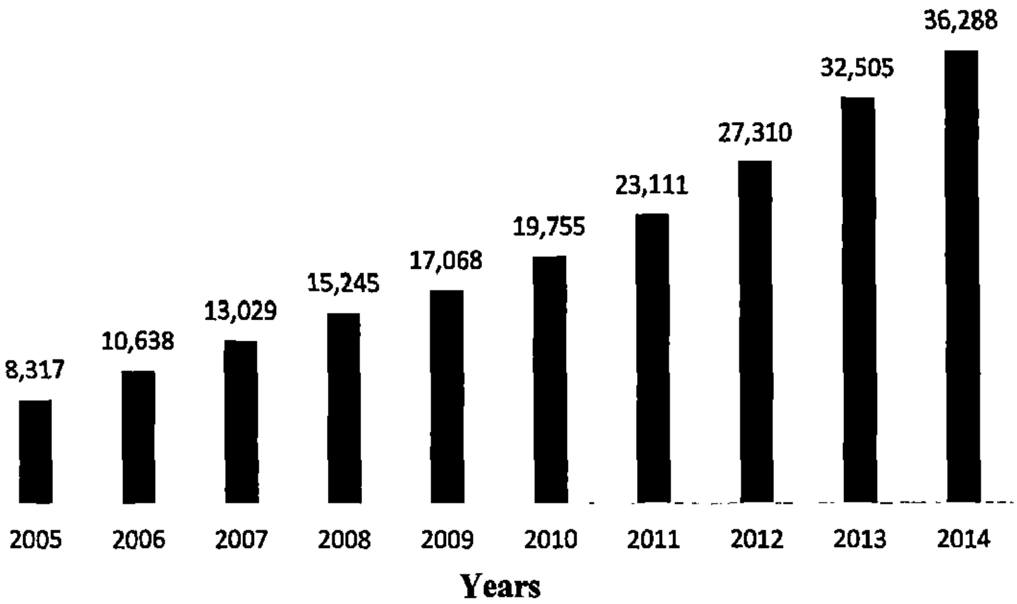
Graph 4.7: Revenue by Segment – ITC Ltd.



Source: ITC Annual Report, 2013-14

The ITC Ltd. shows an increasing trend in revenue growth over the period of last 10 years as presented in Graph 4.8 below.

Graph 4.8: Revenue (Rs. Crore) – ITC Ltd.



Source: ITC Ltd. Annual Reports, 2005-2014.

ITC Limited has a formalized system of corporate governance. It commands highest ethical standards and have responsible conduct of business to create value for all stakeholders. The cornerstones of its governance philosophy are transparency, trusteeship, empowerment, ethical corporate citizenship, control and accountability. The company believes its key governance philosophy creates the right corporate culture that fulfils the true purpose of corporate governance.

> *"ITC believes that any meaningful policy on corporate governance must empower the executive management of the Company. At the same time, governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations".*
>
> – ITC Annual Report, 2013-14.

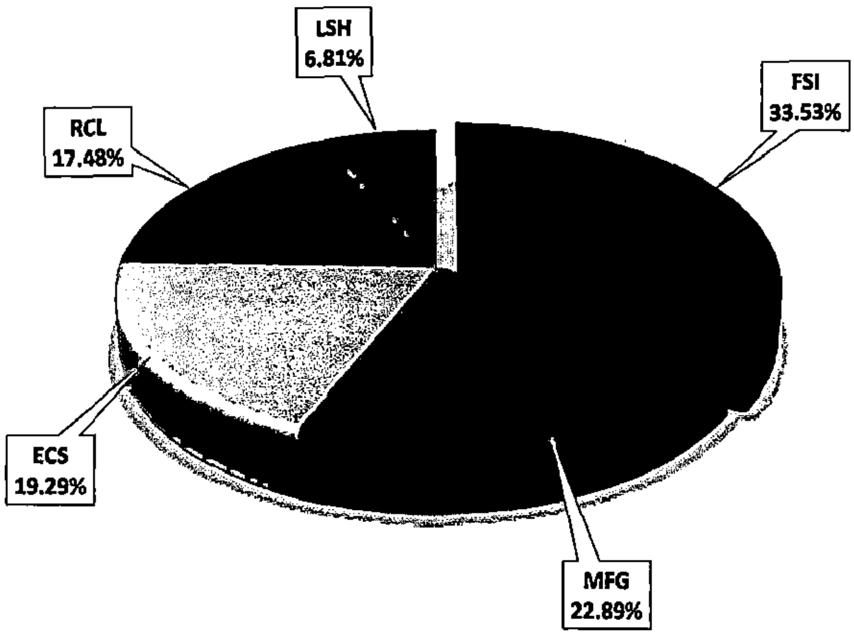
4.3.5 Infosys Limited

Infosys Limited was incorporated as 'Infosys Consultants Private Limited', a private limited company in 1981 in Pune. In 1992, the company changed the name to Infosys Technologies Private Limited and then to Infosys Technologies Limited in

June 1992. Its headquarter is in Bangalore, India. Infosys is the second largest Indian Information Technology services company by 2014 revenues. On February 15, 2015, the market capitalization of the company was Rs.2,63,735 crores that makes it India's sixth largest publicly traded company. It was ranked 3rd for Corporate Governance practices and 2nd for Industrial Relations (IR) in India, by IR Global Rankings 2013. In 2013, the company stood at the top of Institutional Investor Rankings among all Indian companies across sectors. Infosys and its subsidiaries operates in more than 150 locations worldwide. As on March 31, 2014, the strength of the total employees was 1,60,405 for Infosys and its subsidiaries (Infosys Annual Report, 2013-14).

The Industry segments for the company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in the Energy and Utilities, Communication and Services (ECS), enterprises in Manufacturing (MFG), enterprises in Life Sciences and Healthcare (LSH), enterprises in Retail, Consumer packaged goods and Logistics (RCL). The following Graph 4.9 depicts the contribution of each segment to the company's revenue. The FSI segment of the company contributes 33.53% of the total revenue of the company. The MFG and ECS have 22.89% and 19.29% of contribution to the total revenue followed by RCL and LSH.

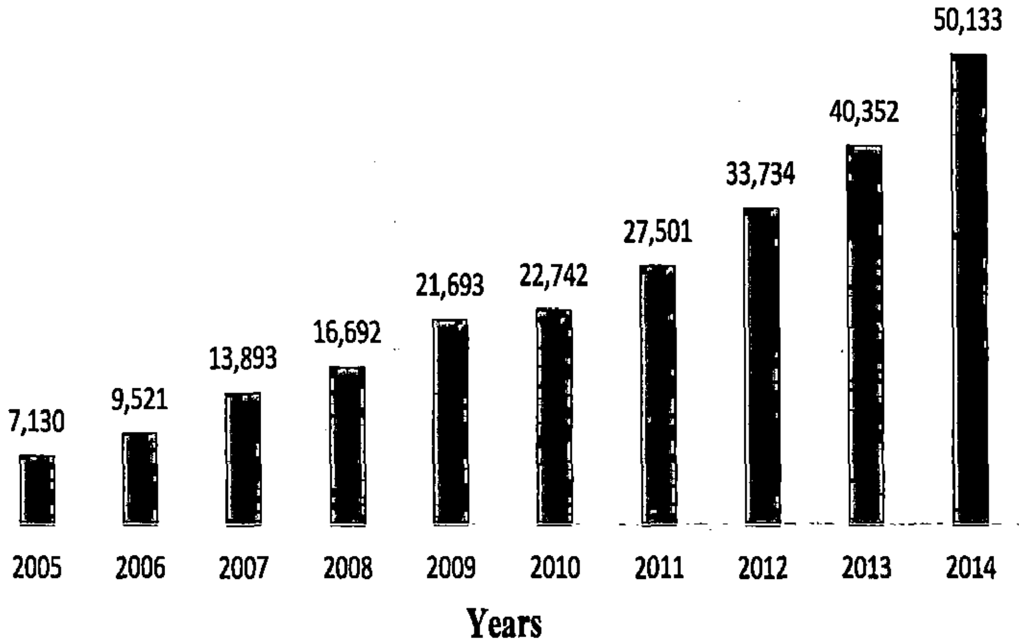
Graph 4.9: Revenue by Segment – Infosys Ltd.



Source: Infosys Ltd. Annual Report, 2013-14

Graph 4.10 shows that the revenue of the company have been increased over the period of last ten years.

Graph 4.10: Revenue (in Crores) – Infosys Ltd.



Source: Infosys Ltd. Annual Reports, 2005-14.

At Infosys, the company activities are managed in a fair and transparent manner, as it is vital to gain and maintain the trust of all the stakeholders. The company's corporate governance structure ensures effective engagement with the stakeholders and helps the company to progress with changing times. It ensures that the company share accurate information regarding financials and performance, and make timely disclosures.

> *"An active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective board is a pre-requisite for an effective and strong corporate governance. At Infosys, the board of directors is at the core of corporate governance practice".*
>
> – Infosys Annual Report, 2013-14.

4.4 Corporate Governance Practices of Selected Companies

The quality of corporate governance varies in different countries and there exists no one model of corporate governance that could work in all companies of the world. Individual countries have different codes of best practices which are consistent with increasing accepted principles of corporate governance in global markets. The effective corporate governance not only requires mechanical compliance of legislation but also their adherence through the corporate governance practices. Sound corporate governance practices and their disclosure in the annual report of the company are desirable for the investor protection and growth of equity and debt markets.

This study aims at evaluating the corporate governance practices prevailing in the Indian corporate sector. The study evaluates the compliance level of various governance parameters followed by the sampled companies. The study is based on the information extracted from the annual reports of the sampled companies. The sampled companies consists of five companies having high market capitalization on BSE Sensex. These companies are TCS Ltd., ONGC Ltd., Reliance Industries Limited, ITC Ltd. and Infosys Limited. The corporate governance practices is examined through the calculation of Corporate Governance Score (CGS). The CGS is calculated for nine years from 2005-06 to 2013-14 on the basis of the information provided by the companies in their annual reports.

4.4.1 Corporate Governance Practices of Companies for the Year 2005-06

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2005-06 is presented in the Table 4.1 below. A detailed account of CGS is provided in Annexure-V (Table A).

Table 4.1: Corporate Governance Score of Companies for the Year 2005-06

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	0	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	14	15	14	17	20
12	Disclosure and Transparency	16	16	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	0	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' interests	10	2	4	4	10
	Total	**69**	**65**	**67**	**77**	**89**

Source: Author's calculation from the company's annual reports of the year 2005-06.

The observations from the Table 4.1 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points on a scale of 100 points. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have sufficiently disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. None of the other companies has disclosed the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

ONGC Ltd., Reliance Industries Ltd and ITC Ltd. have been assigned 2 points each as they disclosed the information on this parameter in their reports. However, no information is provided by TCS Ltd. and Infosys Ltd. in this regard.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and scored 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. and ITC Ltd. have not disclosed information on publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting. Reliance Industries Ltd. got a minimum score of 5 on this parameter.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. TCS Ltd., Reliance Industries Ltd., and ITC Ltd. scored 5 points each as they have not disclosed the information on publishing of committee report. ONGC Ltd. got a minimum score of 2 on this parameter, due to non-disclosure of information about number of committee meetings, independent director as chairman of the committee, participation of all members in the committee meeting, and publishing of the report.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. None of the company has disclosed the information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. ONGC Ltd., Reliance Industries Ltd., and ITC Ltd. scored 3 points each, whereas TCS Ltd. has scored 2 points on this parameter.

D. Nomination Committee

ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points and ITC Ltd. scored only 1 point. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd. and Reliance Industries Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Formation of Investment Committee is observed in case of only Infosys Ltd., whereas Share Transfer Committee is constituted by ONGC Ltd., ITC Ltd. and Infosys Ltd. Hence, ONGC Ltd. scored 3 points and Infosys Ltd. got 2 points on this parameter, whereas TCS Ltd., RIL and ITC Ltd. scored 1 point each.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Other companies have not disclosed any information on this parameter.

v) All the companies have adequately disclosed about Management Discussion and Analysis (MDA) report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed information on shareholder rights and scored 2 points each.

viii) Only Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Reliance Industries Ltd., ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about training of board members. The other companies failed to get any point as they did not disclose the information.

x) ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) Except ONGC Ltd., all the sample companies have disclosed whistle blower policy.

13. General Body Meetings

All the companies have adequately disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

Except Reliance Industries Ltd., all the sampled companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on Environment, Health & Safety Measures (EHS) and Human Resource Development (HRD) Initiative, and therefore scored 4 points each. ONGC Ltd. scored only 2 points on this parameter as it has disclosed only Industrial Relations (IR).

Evaluation of Governance Standard

Table 4.2 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2005-06.

Table 4.2: Ranking and Grading of Companies for the Year 2005-06

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	69	Good	III	73.4
2	ONGC Ltd.	65	Good	V	
3	Reliance Industries Ltd.	67	Good	IV	
4	ITC Ltd.	77	Very Good	II	
5	Infosys Ltd.	89	Excellent	I	

It is observed from the Table 4.2 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2005-06 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 89 is above the companies' average score of 73.4 points. ITC Ltd. has secured second position with 77 points and stood above the average CGS. TCS Ltd., Reliance Industries Ltd. and

ONGC Ltd. stood at third, fourth and fifth positions respectively with 'Good' corporate governance practices during the year. However, the Corporate Governance Score (CGS) of TCS Ltd., Reliance Industries Ltd. and ONGC Ltd. are below the average score.

4.4.2 Corporate Governance Practices of Companies for the Year 2006-07

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2006-07 is presented in the Table 4.3 below. A detailed account of CGS is provided in Annexure-V (Table B).

Table 4.3: Corporate Governance Score of Companies for the Year 2006-07

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	0	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	15	16	15	17	21
12	Disclosure and Transparency	16	18	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**70**	**76**	**72**	**79**	**90**

Source: Author's calculation from the company's annual reports of the year 2006-07.

The observations from the Table 4.3 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points each. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. None of the other companies has disclosed the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have been assigned 2 points each as they disclosed the information on this parameter in their reports. However, no information is provided by TCS Ltd. and Infosys Ltd. in this regard.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and they got 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. and ITC Ltd. have not disclosed information on publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed about participation of head of finance, and others in the committee meeting. Reliance Industries Ltd. got a minimum score of 5 on this parameter.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. TCS Ltd, Reliance

Industries Ltd, and ITC Ltd. scored 5 points each as they have not disclosed the information on publishing of committee report. ONGC Ltd. got a minimum score of 3 on this parameter, due to non-disclosure of information about number of committee meetings, participation of all members in the committee meeting, and publishing of the report.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. Except RIL, none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries scored 4 points as it has not published the report. ONGC Ltd. and ITC Ltd. has scored 3 points each on this parameter, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee have been constituted by ONGC Ltd., Reliance Industries Ltd., and Infosys Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Formation of Investment Committee is observed in case of only Infosys Ltd., whereas Share Transfer Committee is constituted by ONGC Ltd., ITC Ltd. and Infosys Ltd. Hence, ONGC Ltd. and Infosys Ltd. got 3 points each on this parameter, whereas TCS Ltd., Reliance Industries Ltd. and ITC Ltd. scored 1 point each.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Other companies have not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders the information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Reliance Industries Ltd., ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about training of board members. The other companies failed to get any point as they did not disclose the information.

x) ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive Directors. The other companies failed to get any point as they did not disclose the information.

xi) Except ONGC Ltd., all the sample companies have disclosed whistle blower policy.

13. General Body Meetings

All the companies have adequately disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and Corporate Social Responsibility (CSR), and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.4 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2006-07.

Table 4.4: Ranking and Grading of Companies for the Year 2006-07

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	70	Good	V	77.4
2	ONGC Ltd.	76	Very Good	III	
3	Reliance Industries Ltd.	72	Very Good	IV	
4	ITC Ltd.	79	Very Good	II	
5	Infosys Ltd.	90	Excellent	I	

It is observed from the Table 4.4 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2006-07 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 90 is above the companies' average score of 77.4 points. ITC Ltd. has secured second position with 79 points and stood above the average CGS. ONGC Ltd., RIL stood at third and fourth positions respectively with 'Very Good' corporate governance practices during the year, whereas TCS Ltd. stood at fifth position with 'Good' corporate governance practices during the year. However, TCS Ltd., ONGC Ltd. and RIL have CGS below the average score.

4.4.3 Corporate Governance Practices of Companies for the Year 2007-08

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2007-08 is presented in the Table 4.5 below. A detailed account of CGS is provided in Annexure-V (Table C).

Table 4.5: Corporate Governance Score of Companies for the Year 2007-08

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post- Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	15	18	15	17	19
12	Disclosure and Transparency	16	18	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
	Total	**70**	**78**	**73**	**79**	**88**

Source: Author's calculation from the company's annual reports of the year 2007-08.

The observations from the Table 4.5 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only independent director. None of the other companies has provided information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have been assigned 2 points each as they disclosed the information on this parameter in their reports. However, no information is provided by TCS Ltd. and Infosys Ltd. in this regard.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and they got 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. and ITC Ltd. have not disclosed the information on publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed about participation of head of finance, and others in the committee meeting. Reliance Industries Ltd. got a minimum score of 5 on this parameter.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. Excepting RIL, none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries scored 4 points as it has not published the report. ONGC Ltd. and ITC Ltd. scored 3 points each, whereas TCS Ltd. has scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd. and Reliance Industries Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by ONGC Ltd., ITC Ltd. and Infosys Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd. scored 3 points each, whereas TCS Ltd., ITC Ltd., Reliance Industries Ltd. and Infosys Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Other companies have not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders the information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) RIL, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about training of board members. The other companies failed to get any point as they did not disclose the information.

x) ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) Except ONGC Ltd., all the sample companies have disclosed whistle blower policy.

13. General Body Meetings

All the companies have adequately disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.6 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2007-08.

Table 4.6: Ranking and Grading of Companies for the Year 2007-08

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	70	Good	V	77.6
2	ONGC Ltd.	78	Very Good	III	
3	Reliance Industries Ltd.	73	Very Good	IV	
4	ITC Ltd.	79	Very Good	II	
5	Infosys Ltd.	88	Excellent	I	

It is observed from the Table 4.6 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2007-08 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 88 is above the companies' average score of 77.6 points. ITC Ltd. has secured second position with 79 scores and stood above the average CGS. ONGC Ltd. and RIL stood at third and fourth positions respectively with 'Very Good' corporate governance practices during the year, whereas TCS Ltd. stood at fifth position with 70 corporate governance score. However, TCS Ltd. and Reliance Industries Ltd. have CGS below the average score.

4.4.4 Corporate Governance Practices of Companies for the Year 2008-09

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2008-09 is presented in the Table 4.7 below. A detailed account of CGS is provided in Annexure-V (Table D).

Table 4.7: Corporate Governance Score of Companies for the Year 2008-09

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	15	18	17	17	20
12	Disclosure and Transparency	18	22	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**72**	**82**	**75**	**79**	**89**

Source: Author's calculation from the company's annual reports of the year 2008-09.

The observations from the Table 4.7 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only independent director. None of the other companies has provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

ONGC Ltd., Reliance Industries Ltd and ITC Ltd. have been assigned 2 points each as they disclosed the information on this parameter in their reports. However, no information is provided by TCS Ltd. and Infosys Ltd. in this regard.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and they got 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have not disclosed the information on publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. Except Reliance Industries Ltd., none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries also scored 4 points as it has not published the report. ONGC Ltd. and ITC Ltd. scored 3 points each, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd., Reliance Industries Ltd. and Infosys Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by ONGC Ltd., ITC Ltd. and Infosys Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd. scored 3 points, whereas Infosys Ltd. got 2 points. TCS Ltd., Reliance Industries Ltd. and ITC Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Reliance Industries Ltd. has not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders the information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., RIL and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) Except ONGC Ltd., all the sample companies have disclosed whistle blower policy.

13. General Body Meetings

All the companies have adequately disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.8 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2008-09.

Table 4.8: Ranking and Grading of Companies for the Year 2008-09

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	72	Very Good	V	79.4
2	ONGC Ltd.	82	Very Good	II	
3	Reliance Industries Ltd.	75	Very Good	IV	
4	ITC Ltd.	79	Very Good	III	
5	Infosys Ltd.	89	Excellent	I	

It is observed from the Table 4.8 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2008-09 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 89 is above the companies' average score of 79.4 points. ONGC Ltd. has secured second position with 82 points and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

4.4.5 Corporate Governance Practices of Companies for the Year 2009-10

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2009-10 is presented in the Table 4.9 below. A detailed account of CGS is provided in Annexure-V (Table E).

Table 4.9: Corporate Governance Score of Companies for the Year 2009-10

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	2	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	15	18	17	18	19
12	Disclosure and Transparency	18	24	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
	Total	**74**	**84**	**75**	**80**	**88**

Source: Author's calculation from the company's annual reports of the year 2009-10.

The observations from the Table 4.9 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only independent director. None of the other companies has provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

Except Infosys Ltd., all the companies have disclosed the information on this parameter in their reports and scored 2 points each.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and they got 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. scored 8 points for disclosing all the information. Reliance Industries Ltd. and ITC Ltd. have not disclosed information on publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed the information about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee. Except RIL and ITC Ltd., none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries Ltd. and ITC Ltd. also scored 4 points as they have not published the report. ONGC Ltd. scored 3 points, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd. and Reliance Industries Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by ITC Ltd. and Infosys Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd. scored 2 points, whereas TCS Ltd., ITC Ltd., Reliance Industries Ltd. and Infosys Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Reliance Industries Ltd. has not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders the information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) All the companies have disclosed information on adoption of whistle blower policy and scored 2 points each.

13. General Body Meetings

All the companies have adequately disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.10 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2009-10.

Table 4.10: Ranking and Grading of Companies for the Year 2009-10

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	74	Very Good	V	80.2
2	ONGC Ltd.	84	Very Good	II	
3	Reliance Industries Ltd.	75	Very Good	IV	
4	ITC Ltd.	80	Very Good	III	
5	Infosys Ltd.	88	Excellent	I	

It is observed from the Table 4.10 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2009-10 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 88 is above the companies' average score of 80.2 points. ONGC Ltd. has secured second position with 84 scores and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

4.4.6 Corporate Governance Practices of Companies for the Year 2010-11

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2010-11 is presented in the Table 4.11 below. A detailed account of CGS is provided in Annexure-V (Table F).

Table 4.11: Corporate Governance Score of Companies for the Year 2010-11

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	2	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	15	18	17	17	19
12	Disclosure and Transparency	18	24	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**74**	**84**	**75**	**79**	**88**

Source: Author's calculation from the company's annual Reports of the year 2010-11.

The observations from the Table 4.11 are:

1. Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only independent director. None of the other companies have provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

Except Infosys Ltd., all the companies have disclosed the information on this parameter in their reports and scored 2 points each.

7. Lead Independent Director

Only Reliance Industries Ltd. and Infosys Ltd. have appointed Lead Independent Director and they got 2 points each.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration in their reports. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. scored 8 points for disclosing all the information. Reliance Industries Ltd. and ITC Ltd. have not disclosed information on only publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed the information about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. Except Reliance Industries Ltd., none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries Ltd. also scored 4 points as it has not published the report. However, ONGC Ltd. and ITC Ltd. scored 3 points, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd. and Reliance Industries Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by Infosys Ltd., and ITC Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd. scored 2 points, whereas TCS Ltd., ITC Ltd., Reliance Industries Ltd. and Infosys Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Reliance Industries Ltd. has not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed the information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) All the companies have disclosed information on adoption of whistle blower policy and scored 2 points each.

13. General Body Meetings

All the companies have disclosed the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.12 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2010-11.

Table 4.12: Ranking and Grading of Companies for the Year 2010-11

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	74	Very Good	V	80
2	ONGC Ltd.	84	Very Good	II	
3	Reliance Industries Ltd.	75	Very Good	IV	
4	ITC Ltd.	79	Very Good	III	
5	Infosys Ltd.	88	Excellent	I	

It is observed from the Table 4.12 that Infosys Ltd. has 'Excellent' corporate governance practices during the year 2010-11 and stood at the top among the sampled companies. The table indicates that the Infosys Ltd. score at 88 is above the companies' average score of 80 points. ONGC Ltd. has scored second position with 84 scores and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Ind. Ltd. And TCS Ltd. have CGS below the average score.

4.4.7 Corporate Governance Practices of Companies for the Year 2011-12

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2011-12 is presented in the Table 4.13 below. A detailed account of CGS is provided in Annexure-V (Table G).

Table 4.13: Corporate Governance Score of Companies for the Year 2011-12

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	0	2	0	0
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	16	18	17	17	19
12	Disclosure and Transparency	18	24	20	24	23
13	General Body Meetings	3	3	3	3	3
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**73**	**84**	**75**	**79**	**86**

Source: Author's calculation from the company's annual reports of the year 2011-12.

The observations from the Table 4.13 are:

1. Statement of Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and RIL have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only independent director. None of the other companies has provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

Except TCS Ltd. and Infosys Ltd., all the companies have disclosed the information on this parameter in their reports and scored 2 points each.

7. Lead Independent Director

Except Reliance Industries Ltd., no other company has appointed Lead Independent Director. Therefore, Reliance Industries Ltd. scored 2 points on this parameter.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. scored 8 points for disclosing all the information. Reliance Industries Ltd. and ITC Ltd. have not disclosed information on only publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed the information about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee. Except Reliance Industries Ltd., none of the other companies has disclosed information on shareholders survey. Hence, Infosys Ltd. scored 4 points on this parameter. Reliance Industries Ltd. scored 4 points as it has not published the report. ONGC Ltd. and ITC Ltd. scored 3 points each, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by ONGC Ltd., Reliance Industries Ltd. and TCS Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by Infosys Ltd. and ITC Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd. and TCS Ltd. scored 2 points each. Reliance Industries Ltd., ITC Ltd. and Infosys Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequatcly disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Reliance Industries Ltd. has not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed the information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., RIL and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive Directors. The other companies failed to get any point as they did not disclose the information.

xi) All the companies have disclosed information on adoption of whistle blower policy and scored 2 points each.

13. General Body Meetings

All the companies have disclosed about the information on general body meetings and scored 3 points each.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their report and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.14 below shows the ranking of the sampled companies depending upon the level of corporate governance scores achieved by them during the year 2011-12.

Table 4.14: Ranking and Grading of Companies for the Year 2011-12

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	73	Very Good	V	79.4
2	ONGC Ltd.	84	Very Good	II	
3	Reliance Industries Ltd.	75	Very Good	IV	
4	ITC Ltd.	79	Very Good	III	
5	Infosys Ltd.	86	Excellent	I	

It is observed from the Table 4.14 that Infosys Ltd. with 'Excellent' corporate governance practices is at the top among the sampled companies as its score of 86 is above the companies' average score of 79.4. ONGC Ltd. has scored second position with 84 points and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

4.4.8 Corporate Governance Practices of Companies for the Year 2012-13

The summary of the computation of corporate governance score through the information disclosed in the annual reports of the sampled companies for the year 2012-13 is presented in the Table 4.15 below. A detailed account of CGS is provided in Annexure-V (Table H).

Table 4.15: Corporate Governance Score of Companies for the Year 2012-13

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	2	2	0	0
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	16	18	17	18	21
12	Disclosure and Transparency	18	24	20	24	23
13	General Body Meetings	3	3	3	3	2
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**73**	**86**	**75**	**80**	**87**

Source: Author's calculation from the company's annual reports of the year 2012-13.

The observations from the Table 4.15 are:

1. Statement of Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only Independent Director. None of the other companies has provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

Except TCS Ltd. and Infosys Ltd., all the companies have disclosed the information on this parameter in their reports and scored 2 points each.

7. Lead Independent Director

Except ONGC Ltd. and Reliance Industries Ltd., no other company has appointed Lead Independent Director. Therefore, ONGC Ltd. and Reliance Industries Ltd. scored 2 points each on this parameter.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. scored 8 points for disclosing all the information. Reliance Industries Ltd. and ITC Ltd. have not disclosed information on only publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed the information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys

Ltd. also scored 6 points as it has not disclosed the information about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee according to the requirements of Clause 49. Infosys Ltd. scored 5 points as it disclosed all the relevant information, whereas Reliance Industries Ltd. and ITC Ltd. scored 4 points as it has not published the report. ONGC Ltd. scored 3 points each, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

TCS Ltd., ITC Ltd. and Infosys Ltd. have formed the nomination committee, whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd. and ITC Ltd. scored only 1 point each. No other company has disclosed information on this parameter.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by TCS Ltd., ONGC Ltd., Reliance Industries Ltd. and Infosys Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by ITC Ltd. and Infosys Ltd. No Company has formed Investment Committee. Hence, ONGC Ltd., TCS Ltd and Infosys Ltd. scored 2 points each. Reliance Industries Ltd. and ITC Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd. has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd. and ITC Ltd. have scored 2 points each for disclosing information about risk management. Reliance Industries Ltd. has not disclosed any information on this parameter.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed the information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) All the companies have disclosed information on adoption of whistle blower policy and scored 2 points each.

13. General Body Meetings

All the companies except Infosys Ltd. have sufficiently disclosed about the information on general body meetings and scored 3 points each. Infosys Ltd. has not given any information on passing of resolution through postal ballot and hence scored 2 points.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their reports and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.16 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2012-13.

Table 4.16: Ranking and Grading of Companies for the Year 2012-13

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	73	Very Good	V	80.2
2	ONGC Ltd.	86	Excellent	II	
3	Reliance Industries Ltd.	75	Very Good	IV	
4	ITC Ltd.	80	Very Good	III	
5	Infosys Ltd.	87	Excellent	I	

It is observed from the Table 4.16 that Infosys Ltd. with 'Excellent' corporate governance practices is at the top among the sampled companies as its score of 87 is above the companies' average score of 80.2. ONGC Ltd. has scored second position with a score of 86 and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

4.4.9 Corporate Governance Practices of Companies for the Year 2013-14

The summary of the computation of corporate governance score of companies through the information disclosed in the annual reports of the sampled companies for the year 2013-14 is presented in the Table 4.17 below. A detailed account of CGS is provided in Annexure-V (Table I).

Table 4.17: Corporate Governance Score of Companies for the Year 2013-14

S.No.	Corporate Governance Parameters	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.
1	Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2	Structure and Strength of Board	2	2	2	2	2
3	Chairman and CEO Duality	3	2	1	2	3
4	Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5	Disclosure of Definition of Independent Director, Financial Expert and Selection criteria of Board of Directors, incl. Independent Directors	0	0	1	0	3
6	Post-Board Meeting Follow Up System and Compliance of the Board Procedures	0	2	2	2	0
7	Appointment of Lead Independent Director	0	2	2	0	2
8	Disclosure of Other Provisions as to the Boards and Committees	1	1	1	1	1
9	Disclosure of Remuneration Policy and Remuneration of Directors	2	2	2	2	2
10	Information on Code of Conduct and Compliance	2	2	2	2	2
11	Board Committees	16	18	18	18	22
12	Disclosure and Transparency	18	24	22	24	23
13	General Body Meetings	3	3	3	3	2
14	Means of Communication and General shareholder Information	2	2	2	2	2
15	CEO/CFO Certification	2	2	2	2	2
16	Compliance of Corporate Governance and Auditors' Certificate	10	10	10	10	10
17	Disclosure of Stakeholders' Interests	10	10	6	6	10
Total		**73**	**86**	**78**	**80**	**90**

Source: Author's calculation from the company's annual reports of the year 2013-14.

The observations from the Table 4.17 are:

1. Statement of Company's Philosophy on Code of Governance

All the companies have disclosed their statement of Philosophy on Code of Governance and on this parameter each company has scored 2 points apiece. However, Infosys Ltd. has better described its philosophy on code of governance.

2. Structure and Strength of the Board

All the companies have sufficiently disclosed the information on this parameter and got the expected score of 2 points each.

3. Chairman and CEO Duality

None of the sampled companies is assigned a maximum score of 5 as they do not have Non-Executive Independent Chairman. Among the five companies, only TCS Ltd. and Infosys Ltd. have Promoter Non-Executive Chairman. While, ONGC Ltd. and ITC Ltd. have scored 2 points each on this parameter as they have Non Promoter Executive Chairman. Reliance Industries Ltd. scored only 1 point as it has Promoter Executive Chairman.

4. Tenure and Age Limit of Directors

ONGC Ltd., ITC Ltd. and Infosys Ltd. have disclosed the tenure and age limit of directors and scored 2 points each. TCS Ltd. and Reliance Industries Ltd. have not disclosed the relevant information.

5. Definition of Independent Director, Financial Expert and Selection Criteria of Board of Directors, including Independent Directors

Only Infosys Ltd. has disclosed all the three sub-parameters and scored 3 points. Reliance Industries Ltd. scored 1 point for disclosing the definition of only Independent Director. None of the other companies have provided the information on this parameter.

6. Post-Board Meeting Follow Up and Compliance of Board Procedures

Except TCS Ltd. and Infosys Ltd., all the companies have disclosed information on this parameter in their reports and scored 2 points each.

7. Lead Independent Director

Except ONGC Ltd., Reliance Industries Ltd. and Infosys Ltd., no other company has appointed Lead Independent Director. Therefore, ONGC Ltd., Reliance Industries Ltd. and Infosys Ltd., scored 2 points each on this parameter.

8. Other Provisions as to the Boards and Committees

All the companies have made sufficient disclosure on this parameter and hence scored one point each.

9. Remuneration Policy and Remuneration of Directors

All the sampled companies have adequately disclosed the information on remuneration policy and director's remuneration. Hence, all the companies scored 2 points each on this parameter.

10. Code of Conduct

It is noticed that all the five companies have sufficiently disclosed the information on code of conduct and did affirm compliance with the code through CEO's declaration. All the companies have, therefore, scored 2 points each on this parameter.

11. Board Committees

A. Audit Committee

ONGC Ltd. scored 8 points for disclosing all the information. Reliance Industries Ltd. and ITC Ltd. have not disclosed the information on only publishing of audit committee report and hence, scored 7 points each. Whereas, TCS Ltd. scored 6 points as it has not disclosed information on two parameters namely, literacy and expertise of committee members, and publishing of audit committee report. Infosys Ltd. also scored 6 points as it has not disclosed the information about participation of head of finance, and others in the committee meeting.

B. Remuneration/Compensation Committee

Infosys Ltd. is the only company which has disclosed all the necessary information relevant to this parameter and hence, scored 6 points. Other companies have not published committee report and therefore scored 5 points each.

C. Shareholders' Grievance Committee

All the sample companies had set up shareholder grievance committee. Infosys Ltd. scored 5 points as it disclosed all the relevant information, whereas Reliance Industries Ltd. and ITC Ltd. scored 4 points as it has not published the report. ONGC Ltd. scored 3 points, whereas TCS Ltd. scored 2 points on this parameter.

D. Nomination Committee

Except ONGC Ltd., all the other companies have formed the nomination committee. Whereas only Infosys Ltd. has published committee charter and report. Therefore, on this parameter Infosys Ltd. scored 2 points, whereas TCS Ltd., Reliance Industries Ltd. and ITC Ltd. scored only 1 point each.

E. Other Committees

The Health, Safety and Environment Committee has been constituted by TCS Ltd., ONGC Ltd., Reliance Industries Ltd. and Infosys Ltd., whereas Ethics and Compliance Committee has been constituted by TCS Ltd. and ONGC Ltd. Share Transfer Committee is constituted by ITC Ltd. and Infosys Ltd. Only Infosys Ltd. has constituted Investment Committee. Hence, Infosys Ltd scored 3 points, whereas TCS Ltd. and ONGC Ltd. scored 2 points each. Reliance Industries Ltd. and ITC Ltd. got 1 point each on this parameter.

12. Disclosure and Transparency

The following observations are noted in respect of disclosure and transparency parameter:

i) Related party transactions have been adequately disclosed by all the sampled companies and each company scored 2 points.

ii) All the companies have adequately disclosed the information related to capital market matters during the last three years and scored 2 points each.

iii) All the companies have adequately disclosed about accounting treatments and changes in their accounting policy and scored 2 points each.

iv) Infosys Ltd., has scored 3 points for properly laying down the procedure of risk management and published report. TCS Ltd., ONGC Ltd., Reliance Industries and ITC Ltd. have scored 2 points each for disclosing information about risk management.

v) All the companies have adequately disclosed about MDA report and scored 2 points each.

vi) All the companies have adequate disclosure regarding shareholders information and scored 4 points each.

vii) All the companies included in the sample have adequately disclosed the information on shareholder rights and scored 2 points each.

viii) Only ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have given information about the Audit Qualification and scored 2 points each.

ix) Except TCS Ltd., all companies have adequately disclosed about training of board members and scored 2 points each.

x) ONGC Ltd, ITC Ltd., and Infosys Ltd. scored 2 points each for disclosing about evaluation of non-executive directors. The other companies failed to get any point as they did not disclose the information.

xi) All the companies have disclosed information on adoption of whistle blower policy and scored 2 points each.

13. General Body Meetings

All the companies except Infosys Ltd. have disclosed the information on general body meetings and scored 3 points each. Infosys Ltd. has not given any information on passing of resolution through postal ballot and hence scored 2 points.

14. Means of Communication and General Shareholder Information

All the companies have scored 2 points each as they provided adequate information on this parameter.

15. CEO/CFO Certification

All the sample companies have properly disclosed the CEO/CFO certification in their reports and got 2 points each.

16. Corporate Governance Compliance and Auditors' Certificate

All the sample companies have disclosed the information on Clean Certificate from Auditors and hence, scored 10 points each.

17. Disclosure of Stakeholders' Interests

It is observed that TCS Ltd., ONGC Ltd. and Infosys Ltd. have properly disclosed all the sub-parameters in their report and therefore scored 10 points each. Reliance Industries Ltd. and ITC Ltd have disclosure on EHS, HRD and CSR, and therefore scored 6 points each.

Evaluation of Governance Standard

Table 4.18 below shows the ranking of the sampled companies depending upon the level of corporate governance scores secured by them during the year 2013-14.

Table 4.18: Ranking and Grading of Companies for the Year 2013-14

S.No.	Name of Company	Corporate Governance Score	Grade	Rank	Average Score
1	TCS Ltd.	73	Very Good	V	81.4
2	ONGC Ltd.	86	Excellent	II	
3	Reliance Industries Ltd.	78	Very Good	IV	
4	ITC Ltd.	80	Very Good	III	
5	Infosys Ltd.	90	Excellent	I	

It is observed from the Table 4.18 that Infosys Ltd. with 'Excellent' corporate governance practices is at the top among the sampled companies and its score of 90 points is above the companies' average score of 81.4 points. ONGC Ltd. has scored second position with 86 points and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. occupied third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

4.5 Summary

The foregoing discussion summarizes that the present case study to appraise the corporate governance practices adopted and followed by Indian companies has been based on a select model of five companies representing the Indian corporate sector. The selection of sample companies is based on a deliberative criterion requiring specific attributes in the Indian companies to qualify to be chosen to form a representative sample of companies from different companies for a case study of corporate governance in India. Based on the criterion the five companies forming the sample include TCS Ltd., ONGC Ltd., Reliance Industries Ltd., ITC Ltd. and Infosys Ltd.

Each of these sample companies has been profiled elaborately with emphasis on governance practices prevalent in them. Each benchmark aspect of good governance has been assigned points. The governance practices in the sample companies have been measured on the specific benchmark aspects and the points scored by each company have been computed for each year of the period 2005-06 to 2013-14 under this study. Among all the companies, Infosys Ltd. emerged as having 'Excellent' governance practices in all spheres of governance practices and in all years from 2005-06 to 2013-14.

The next chapter deals with the data analysis and interpretation. The corporate governance score calculated in this chapter will be used in next chapter to examine its impact on financial performance of companies.

References

Infosys Limited. (2005-06). *Annual Report.* Retrieved from http://www.infosys. com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-06.pdf

Infosys Limited. (2006-07). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-07.pdf

Infosys Limited. (2007-08). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-08.pdf

Infosys Limited. (2008-09). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-09.pdf

Infosys Limited. (2009-10). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-10.pdf

Infosys Limited. (2010-11). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/AR-2011/pdf/Infosys-AR-11.pdf

Infosys Limited. (2011-12). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/documents/infosys-ar-12.pdf

Infosys Limited. (2012-13). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-13.pdf

Infosys Limited. (2013-14). *Annual Report.* Retrieved from http://www.infosys. com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-14.pdf

ITC Limited. (2005-06). *Annual Report.* Retrieved from http://www.itcportal com/about-itc/shareholder-value/annual-reports/itc-annual-report-2006/pdfs/Main_Acc_06.pdf

ITC Limited. (2006-07). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2007/images/ITC_AR_07.pdf

ITC Limited. (2007-08). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2008/pdfs/ITC-Annual-Report-2008.pdf

ITC Limited. (2008-09). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2009/pdfs/ITC-Annual-Report-2009.pdf

ITC Limited. (2009-10). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2010/pdfs/ITC-annual-report-2010.pdf

ITC Limited. (2010-11). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2011/pdfs/REPORT-ACCOUNTS-2011.pdf

ITC Limited. (2011-12). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2012/pdf/report-accounts-2012.pdf

ITC Limited. (2012-13). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2013/pdf/report-accounts-2013.pdf

ITC Limited. (2013-14). *Annual Report.* Retrieved from http://itcportal.mobi/ about-itc/shareholder-value/annual-reports/itc-annual-report-2014/index.aspx

Oil and Natural Gas Corporation Limited. (2005-06). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/connect/ongcindia/home/performance /annual_reports/pg_annual_reports_05-06

Oil and Natural Gas Corporation Limited. (2006-07). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/annual_report06_ 07.pdf

Oil and Natural Gas Corporation Limited. (2007-08). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/AnnualReport2007_08.pdf

Oil and Natural Gas Corporation Limited. (2008-09). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/Annual_Report_2008_09.pdf

Oil and Natural Gas Corporation Limited. (2009-10). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/Annual_Report_200910.pdf

Oil and Natural Gas Corporation Limited. (2010-11). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/ONGC_Annual_Report_10-11.pdf

Oil and Natural Gas Corporation Limited. (2011-12). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/OngcHTML/Annual_Report_2011-12/Annual_Report_2011-12.html

Oil and Natural Gas Corporation Limited. (2012-13). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/OngcHTML/Annual_Report_2012_13/Annual_Report_2012_13.pdf

Oil and Natural Gas Corporation Limited. (2013-14). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/connect/9dc2be96-3850-44fa-bc07-0aab5f155a2e/Annual+Report+Final.pdf?MOD=AJPERES&CACHEID=9dc2be96-3850-44fa-bc07-0aab5f155a2e

Reliance Industries Limited. (2005-06). *Annual Report.* Retrieved from http://ril.com/getattachment/8acdd076-35b6-4b8c-8cc0-84d1ea793b19/AnnualReport_2005-06.aspx

Reliance Industries Limited. (2006-07). *Annual Report.* Retrieved from http://www.ril.com/getattachment/8fe29a35-4536-4ff6-aab0-f8830c5275b0/AnnualReport_2006-07.aspx

Reliance Industries Limited. (2007-08). *Annual Report.* Retrieved from http://www.ril.com/getattachment/d541de4c-43a7-4765-9d3d-6f16bcd490de/AnnualReport_2007-08.aspx

Reliance Industries Limited. (2008-09). *Annual Report.* Retrieved from http://www.ril.com/getattachment/ef52b986-c8dc-4b2c-9da7-21651b396cdd/AnnualReport_2008-09.aspx

Reliance Industries Limited. (2009-10). *Annual Report.* Retrieved from http://www.ril.com/getattachment/b416d02a-1f1b-42c6-9578-d5d9824647e5/AnnualReport_2009-10.aspx

Reliance Industries Limited. (2010-11). *Annual Report.* Retrieved from http://www.ril.com/getattachment/f6700296-6493-47bc-a249-c144d1b6be88/AnnualReport_2010-11.aspx

Reliance Industries Limited. (2011-12). *Annual Report.* Retrieved from http://www.ril.com/getattachment/7a5e5c06-f63a-4296-bb43-debb074fbada/AnnualReport_2011-12.aspx

Reliance Industries Limited. (2012-13). *Annual Report.* Retrieved from http://www.ril.com/getattachment/14066af0-f5b6-46ed-9370-7386fa924b12/AnnualReport_2012-13.aspx

Reliance Industries Limited. (2013-14). *Annual Report.* Retrieved from http://www.ril.com/getattachment/7b7a9d94-f301-45ab-8d34-baf30ee44160/AnnualReport_2013_14.aspx

Tata Consultancy Services Limited. (2005-06). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2005-2006.pdf

Tata Consultancy Services Limited. (2006-07). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2006-2007.pdf

Tata Consultancy Services Limited. (2007-08). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2007_2008.PDF

Tata Consultancy Services Limited. (2008-09). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2008-2009.PDF

Tata Consultancy Services Limited. (2009-10). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2009-2010.PDF

Tata Consultancy Services Limited. (2010-11). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2010-2011.PDF

Tata Consultancy Services Limited. (2011-12). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2011-2012.pdf

Tata Consultancy Services Limited. (2012-13). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2012-2013.pdf

Tata Consultancy Services Limited. (2013-14). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2013-2014.pdf

Chapter-5

DATA ANALYSIS AND INTERPRETATION

CHAPTER - 5

DATA ANALYSIS AND INTERPRETATION

The relationship of corporate governance with firms' performance is a very vital and important issue since the major scandals and financial distresses over the world. The corporate governance of a firm impacts its performance. Properly established corporate governance system helps firms to attract investments and maximizes the company's funds, reinforcing the company's pillars and ultimately results in expected increase in firm's performance. Corporate governance protects against probable financial challenges and facilitates in achieving remarkable growth. Thus, corporate governance plays an important role in the performance of the firm leading to its growth.

"Many investors consider good corporate governance to be one of the most important criteria while making investment decisions" (Barako, Hancock & Izan, 2006). Investors' want accurate and reliable information in company reports to make their investment decisions. Therefore in order to attract investors, companies need to assure them that they are adhering to good corporate governance practices and provide detailed, accurate, and reliable information in their company reports. Well-governed companies have an advantage in winning retail investors' confidence in the market and it helps in channelizing much needed domestic savings to the capital market which is critical to meet India's inclusive growth aspirations.

The present chapter details the results obtained from the analysis of secondary data as well as the primary data. The chapter is divided into two sections. Section-I deals with the analysis of the impact of corporate governance practices on the financial performance of companies. Section-II deals with the analysis of the questionnaire pertaining to the perception of investors towards corporate governance practices followed by the Indian companies. It also analyses the impact of investor's perception towards corporate governance practices on the investment pattern of the investors.

SECTION-I

5.1 Introduction

This section elaborates the analysis of impact of corporate governance practices on the financial performance of the sampled companies. The sample of the study consists of five companies listed on BSE Sensex with high market capitalization, viz., Tata Consultancy Services (TCS) Ltd., Oil and Natural Gas Corporation (ONGC) Ltd., Reliance Industries Ltd, ITC Ltd., and Infosys Ltd. The time period of the study covers nine financial years starting from 2005-2006 to 2013-2014. This study applied multiple regression analysis, taking financial performance, ROA, and Tobin's Q as dependent variables and Corporate Governance Score as independent variable. Firm Size, Sales Growth and Asset Tangibility is used as the control variables. The regression equation is as follows:

$$Y_i = \alpha + \beta_1 (CGS) + \beta_2 (SIZE) + \beta_3 (SG) + \beta_4 (AT) + \epsilon$$

Where,

Y_i = Financial Performance as proxied by ROA and Tobin's Q

CGS = Corporate Governance Score

SIZE = Firm Size

SG = Sales Growth

AT = Asset Tangibility

Before applying the regression analysis technique, the data is evaluated for existence of multicollinearity and autocorrelation.

Presence of Multicollinearity between Independent Variables

The multicollinearity between independent variables needs to be tested before using the regression model to ensure that the regression model is free from bias. This term means the existence of a perfect linear relationship among some or all explanatory variables of a regression model. Variance Inflation Factor (VIF) is an indicator of multicollinearity. The larger the value of VIF, the more collinear is the variable. "Multicollinearity is considered as a problem if the VIF value exceeds 10" (Field, 2009; Mutawaa & Hewaidy, 2010). The presence of multicollinearity among the independent variables may affect the overall regression results and may lead to wrong estimations.

Test for Existence of Autocorrelation

If the errors are not uncorrelated with one another, then they are 'autocorrelated' or 'serially correlated'. The most common test for detecting serial correlation is developed by Durbin and Watson, popularly known as the Durbin-Watson test. Durbin--Watson (DW) is a test for first order autocorrelation i.e. it tests only a relationship between an error and its immediately previous value. "When DW is near to 2, this is the case where there is no autocorrelation in the residuals. When DW is near to zero, this corresponds to the case where there is perfect positive autocorrelation. When DW is near to 4, this is the case where there is perfect negative autocorrelation" (Brooks, 2008). "As a rule of thumb, if the value is less than 1 or greater than 3, then there is an autocorrelation issue" (Field, 2009).

5.2 Analysis of Impact of Corporate Governance Practices on Financial Performance of TCS Limited

1. *Descriptive Statistics*

Table 5.1 summarizes the descriptive statistical data for dependent, independent, and control variables. The mean of dependent variables i.e. ROA and Tobin's Q over a period of 9 years are 32.11 and 6.99 respectively. The mean of CGS (independent variable) over the period of 9 years is 71.78. Moreover, the mean of control variables, firm size, sales growth and asset tangibility are 12.30, 26.95 and .22 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.1: Descriptive Statistics of the Variables of TCS Ltd.

Variables	No. of Items	Mean	Standard Deviation
ROA	9	32.11	5.353
Tobin's Q	9	6.99	3.146
CGS	9	71.78	1.641
Firm Size	9	12.30	.989
Sales Growth	9	26.95	9.467
Asset Tangibility	9	.22	.427

2. *Correlation Analysis*

Table 5.2: Correlation Matrix – TCS Ltd.

		ROA	TOBIN Q	CGS	SIZE	SG	AT
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
TOBIN Q	Pearson Correlation	.992**	1				
	Sig. (2-tailed)	.000					
CGS	Pearson Correlation	-.822**	-.597	1			
	Sig. (2-tailed)	.007	.089				
SIZE	Pearson Correlation	-.812**	-.719*	.913**	1		
	Sig. (2-tailed)	.008	.029	.001			
SG	Pearson Correlation	.660	.620	-.443	-.407	1	
	Sig. (2-tailed)	.053	.075	.232	.276		
AT	Pearson Correlation	-.122	-.150	-.283	-.468	-.276	1
	Sig. (2-tailed)	.754	.701	.461	.204	.472	

**. Correlation is significant at the .01 level (2-tailed).
*. Correlation is significant at the .05 level (2-tailed).

The correlation analysis as presented in Table 5.2 shows that CGS has a strong negative correlation with ROA which is significant at 1% level of significance. Whereas, Tobin's Q is having negative but insignificant relationship with CGS. Sales growth is positively and insignificantly correlated with ROA and Tobin's Q, while size is negatively and significantly correlated with ROA and Tobin's Q. Asset tangibility has negative and insignificant correlation with ROA and Tobin's Q.

Table 5.2 also depicts that firm size is positively and significantly correlated with CGS, while sales growth and asset tangibility have negative and insignificant relationship with CGS. Firm Size is negatively and insignificantly correlated with sales growth and asset tangibility. Moreover, sales growth is negatively and insignificantly correlated with asset tangibility.

3. *Testing of Hypotheses*

$H_0$1: There is no significant impact of corporate governance score on financial performance of TCS Ltd.

Sub-Hypotheses

$H_0$1.1: There is no significant impact of corporate governance score on ROA of TCS Ltd.

$H_0$1.2: There is no significant impact of corporate governance score on Tobin's Q of TCS Ltd.

Prior to testing the hypotheses, the data is evaluated for existence of multicollinearity and autocorrelation.

- ***Test for Existence of Multicollinearity between Independent Variables***

The VIF values in Table 5.4 lends credence that the regression model is free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence, it provides strong evidence that multicollinearity is not a problem for the regression model of TCS Ltd.

- ***Test for Existence of Autocorrelation***

As a rule of thumb, the value of the Durbin Watson test less than one or greater than three is not acceptable and is an indication of autocorrelation problem. Table 5.3 shows a Durbin – Watson statistic of 2.924 in Model-I and 2.769 in Model-II which are in acceptable range.

- ***Analysis of Regression Model***

The results of the two regression models that have been estimated to examine the impact of corporate governance practices on the financial performance of TCS Ltd. are shown below in Table 5.3 and 5.4.

Table 5.3 shows the summary of multiple regression model which is performed through SPSS. The result of the Model-I (ROA) shows that the value of R is .993, which indicates a high correlation between dependent and independent variables. The value of R^2 is .986 and Adjusted R^2 is .972. It means that 97.2 percent of the variation in ROA is explained by the independent and control variables used in this study, and only 2.8 percent of variation in Return on Asset is due to other factors that are not included in this model. The p value of the model is .001 which is less than .05 indicating that the regression model is statistically significant and a fit model.

The result of the Model-II (Tobin's Q) shows that the value of R is .990, which indicates a high correlation between dependent and independent variables. The value of R^2 is .981 and Adjusted R^2 is .961. It means that 96.1 percent of the variation in Tobin's Q is explained by the independent and control variables used in this study, and only 3.9 percent of variation in Tobin's Q is due to other factors that are not included in this model. The p value of the model is .001 which is less than .05 indicating that the regression model is statistically significant and a fit model.

Table 5.3: Results of Regression Analysis: Model Summary – TCS Ltd.

Model	*R*	*R Square*	*Adjusted R Square*	*F*	*Sig.*	*Durbin – Watson*
Model I ROA	.993	.986	.972	69.500	.001	2.924
Model II Tobin's Q	.990	.981	.961	50.480	.001	2.769

Table 5.4: Regression Coefficients – TCS Ltd.

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*	*Collinearity*
		B	*Std. Error*	*Beta*			*VIF*
Model I ROA As Dependent variable	CGS	.284	.522	.087	.545	.615	7.226
	SIZE	-6.312	1.000	-1.167	-6.311	.003	9.648
	SG	.028	.045	.049	.611	.574	1.809
	AT	-79.075	11.126	-.631	-7.107	.002	2.222
Model II Tobin's Q As Dependent Variable	CGS	2.053	.359	1.071	5.717	.005	
	SIZE	-6.537	.688	-2.057	-9.503	.001	
	SG	.012	.031	.036	.382	.722	
	AT	-58.939	7.652	-.800	-7.702	.002	

Table 5.4 shows the result of coefficients performed under the test of multiple regressions. In the Regression Model-I (ROA), the beta value of CGS is positive i.e. .087 which indicates positive impact of CGS on ROA. Further, it is found that CGS has statistically insignificant impact on ROA, as its p value is .615 which is more than .05 at 5 percent level of significance. SIZE and AT have negative beta values i.e., -1.167 and -.631 which indicates negative impact of SIZE and AT on ROA. The beta value of SG is positive i.e., .049, which indicates positive impact of SG on ROA. Moreover, the control variable SIZE and AT found to have statistically significant impact as the p value is less than .05. The regression results further reveal that SG is having insignificant impact on ROA as the p value is more than .05.

Hence, the hypothesis that *there is no significant impact of corporate governance score on ROA of TCS Ltd is accepted.*

In the Regression Model-II (Tobin's Q), the beta of CGS is positive i.e. 1.071 which indicates positive impact of CGS on Tobin's Q. It is found that CGS has statistically significant impact on Tobin's Q as its p value is .005 which is less than .05 at 5 percent level of significance. SIZE and AT have negative beta values i.e., -2.057 and -.800 which indicates negative impact of SIZE and AT on Tobin's Q. The beta value of SG is positive i.e., .036, which indicates positive impact of SG on Tobin's Q. Moreover, the control variable SIZE and AT found to have significant impact on Tobin's Q as the p value is less than .05. The regression results further reveals that SG has insignificant impact as the p value is .722 which is more than .05 at 5 percent level of significance.

Hence, the hypothesis that *there is no significant impact of corporate governance score on Tobin's Q of TCS Ltd is rejected.*

5.3 Analysis of Impact of Corporate Governance Practices on Financial Performance of ONGC Limited

1. *Descriptive Statistics*

The Table 5.5 summarizes the descriptive statistical data for dependent, independent, and control variables. The mean of dependent variables i.e. ROA and Tobin's Q over a period of 9 years are 11.14 and 1.54 respectively. The mean of CGS (independent variable) over the period of 9 years is 80.56. Moreover, the mean of control variables, firm size, sales growth and asset tangibility are 14.55, 13.76 and .43 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.5: Descriptive Statistics of the Variables of ONGC Ltd.

Variable	No. of Items	Mean	Standard Deviation
ROA	9	11.14	2.060
Tobin's Q	9	1.54	.293
CGS	9	80.56	6.765
Firm Size	9	14.55	.353
Sales Growth	9	13.76	5.613
Asset Tangibility	9	.43	.468

2. *Correlation Analysis*

Table 5.6: Correlation Matrix – ONGC Ltd.

		ROA	TOBINQ	CGS	SIZE	SG	AT
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
TOBIN Q	Pearson Correlation	.994**	1				
	Sig. (2-tailed)	.000					
CGS	Pearson Correlation	-.783*	-.789*	1			
	Sig. (2-tailed)	.013	.011				
SIZE	Pearson Correlation	-.923**	-.931**	.853**	1		
	Sig. (2-tailed)	.000	.000	.003			
SG	Pearson Correlation	.632	.622	-.527	-.441	1	
	Sig. (2-tailed)	.068	.072	.145	.234		
AT	Pearson Correlation	-.779*	-.775*	.714*	.635	-.450	1
	Sig. (2-tailed)	.013	.014	.031	.066	.224	

**. Correlation is significant at the .01 level (2-tailed).
*. Correlation is significant at the .05 level (2-tailed).

The correlation analysis as presented in Table 5.6 shows that CGS has negative and significant correlation with ROA and Tobin's Q which is significant at 5% level of significance. Sales growth is positively and insignificantly correlated with ROA and Tobin's Q, while firm size and asset tangibility is negatively and significantly correlated with ROA and Tobin's Q at 1% and 5% level of significance respectively.

Table 5.6 also depicts that firm size and asset tangibility is positively and significantly correlated with CGS, while sales growth have negative and insignificant relationship with CGS. Firm size is negatively correlated with sales growth and positively with asset tangibility. Moreover, sales growth is negatively and insignificantly correlated with asset tangibility.

3. *Testing of Hypotheses*

$H_0$2: There is no significant impact of corporate governance score on financial performance of ONGC Ltd.

Sub-Hypotheses

$H_0$2.1: There is no significant impact of corporate governance score on ROA of ONGC Ltd.

$H_0$2.2: There is no significant impact of corporate governance score on Tobin's Q of ONGC Ltd.

Prior to testing the hypotheses, the data is evaluated for existence of multicollinearity and autocorrelation.

- *Test for Existence of Multicollinearity between Independent Variables*

The VIF values in Table 5.8 lends credence that the regression model are free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence, it provides strong evidence that multicollinearity is not a problem for the regression model of ONGC Ltd.

- ***Test for Existence of Autocorrelation***

As a rule of thumb, the value of the Durbin-Watson test less than one or greater than three is not acceptable and is an indication of autocorrelation problem. Table 5.7 shows a Durbin – Watson statistic of 2.417 in Model-I and 2.440 in Model-II which are in acceptable range.

- ***Analysis of Regression Model***

The results of the two regression models that have been estimated to examine the impact of corporate governance practices on the financial performance of ONGC Ltd. are shown below in Table 5.7 and 5.8.

Table 5.7 shows the summary of multiple regression model which is performed through SPSS. The result of the Model-I (ROA) shows that the value of R is .992, which indicates a high correlation between dependent and independent variables. The value of R^2 is .984 and Adjusted R^2 is .968. It means that 96.8 percent of the variation in ROA is explained by the independent and control variables used in this study, and only 3.2 percent of variation in Return on Asset is due to other factors that are not included in this model. The p value of the model is .001 which is less than .05 indicating that the regression model is statistically significant and a fit model.

The result of the Model-II (Tobin's Q) shows that the value of R is .993, which indicates a high correlation between dependent and independent variables. The value of R^2 is .986 and Adjusted R^2 is .971. It means that 97.1 percent of the variation in Tobin's Q is explained by the independent and control variables used in this study, and only 2.9 percent of variation in Tobin's Q is due to other factors that are not included in this model. The p value of the model is .001 which is less than .05 indicating that the regression model is statistically significant and a fit model.

Table 5.7: Results of Regression Analysis: Model Summary – ONGC Ltd.

Model	*R*	*R Square*	*Adjusted R Square*	*F*	*Sig.*	*Durbin – Watson*
Model I ROA	.992	.984	.968	61.618	.001	2.417
Model II Tobin's Q	.993	.986	.971	68.725	.001	2.440

Table 5.8: Regression Coefficients – ONGC Ltd.

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*	*Collinearity*
		B	*Std. Error*	*Beta*			*VIF*
Model I ROA As Dependent variable	CGS	.120	.042	.392	2.842	.047	4.777
	SIZE	-5.295	.707	-.908	-7.487	.002	3.685
	SG	.102	.028	.277	3.700	.021	1.408
	AT	-15.728	4.017	-.357	-3.915	.017	2.085
Model II Tobin's Q As Dependent variable	CGS	.016	.006	.377	2.879	.045	
	SIZE	-.762	.095	-.919	-7.998	.001	
	SG	.014	.004	.261	3.673	.021	
	AT	-2.144	.541	-.342	-3..959	.017	

Table 5.8 shows the result of coefficients performed under the test of multiple regressions. In the Regression Model-I (ROA), the beta value of CGS is positive i.e. .392 which indicates positive impact of CGS on ROA. Further, it is found that CGS has statistically significant impact on ROA as its p value is .047 which is less than .05 at 5 percent level of significance. The SIZE and AT have negative beta values i.e., -.908 and -.357 which indicates negative impact of SIZE and AT on ROA. The beta value of SG is positive i.e., .277 which indicates positive impact of SG on ROA. Moreover, the control variables, SIZE, SG and AT are found to have significant impact on ROA as the p value is less than .05 in all the cases.

Hence, the hypothesis that *there is no significant impact of corporate governance score on ROA of ONGC Ltd is rejected.*

In the Regression Model-II (Tobin's Q), the beta value of CGS is positive i.e. .377 which indicates positive impact of CGS on Tobin's Q. Further, it is found that CGS has statistically significant impact on Tobin's Q as its p value is .045 which is less than .05 at 5 percent level of significance. The SIZE and AT have negative beta values i.e., -.919 and -.342 which indicates negative impact of SIZE and AT on Tobin's Q. The beta value of SG is positive i.e., .261 which indicates positive impact of SG on Tobin's Q. Moreover, the control variables SIZE, SG and AT is found to have significant impact as the p value is less than .05 in all the cases.

Hence, the hypothesis that *there is no significant impact of corporate governance score on Tobin's Q of ONGC Ltd is rejected.*

5.4 Analysis of Impact of Corporate Governance Practices on Financial Performance of Reliance Industries Limited

1. ***Descriptive Statistics***

The Table 5.9 summarizes the descriptive statistical data for dependent, independent, and control variables. The mean of dependent variables i.e. ROA and Tobin's Q over a period of 9 years are 8.49 and 1.46 respectively. The mean of CGS (independent variable) over the period of 9 years is 78. Moreover, the mean of control variables, firm size, sales growth and asset tangibility are 15.28, 35.90 and .58 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.9: Descriptive Statistics of the Variables of Reliance Industries Ltd.

Variable	No. of Items	Mean	Standard Deviation
ROA	9	8.49	2.596
Tobin's Q	9	1.46	.526
CGS	9	78.00	3.059
Firm Size	9	15.28	.495
Sales Growth	9	35.90	11.015
Asset Tangibility	9	.58	.973

2. *Correlation Analysis*

Table 5.10: Correlation Matrix – Reliance Industries Ltd.

		ROA	TOBIN Q	CGS	SIZE	SG	AT
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
TOBIN Q	Pearson Correlation	.931**	1				
	Sig. (2-tailed)	.000					
CGS	Pearson Correlation	-.632	-.430	1			
	Sig. (2-tailed)	.068	.248				
SIZE	Pearson Correlation	-.805**	-.673*	.931**	1		
	Sig. (2-tailed)	.009	.047	.000			
SG	Pearson Correlation	.332	.219	-.252	-.275	1	
	Sig. (2-tailed)	.383	.571	.513	.474		
AT	Pearson Correlation	.233	.060	-.673*	-.672*	.053	
	Sig. (2-tailed)	.546	.878	.047	.048	.892	1

**. Correlation is significant at the .01 level (2-tailed).
*. Correlation is significant at the .05 level (2-tailed).

The correlation analysis as presented in Table 5.10 shows that CGS has negative and insignificant correlation with ROA and Tobin's Q. Firm size is negatively and significantly correlated with ROA and Tobin's Q. Sales growth and asset tangibility are positively and insignificantly correlated with ROA and Tobin's Q.

Table 5.10 further depicts that firm size is positively and significantly correlated with CGS. While asset tangibility is negatively but significantly correlated with CGS. Sales growth and CGS have negative correlation. Sales growth is negatively correlated with firm size, while asset tangibility is negatively and significantly correlated with firm size. Moreover, sales growth is positively correlated with asset tangibility.

3. *Testing of Hypotheses*

$H_0$3: There is no significant impact of corporate governance score on financial performance of Reliance Industries Ltd.

Sub-Hypotheses

$H_0$3.1: There is no significant impact of corporate governance score on ROA of Reliance Industries Ltd.

$H_0$3.2: There is no significant impact of corporate governance score on Tobin's Q of Reliance Industries Ltd.

Prior to testing the hypotheses, the data is evaluated for existence of multicollinearity and autocorrelation.

- ***Test for Existence of Multicollinearity between Independent Variables***

The VIF values in Table 5.12 lends credence that the regression model are free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence, it provides strong evidence that multicollinearity is not a problem for the regression model of Reliance Industries Ltd.

- ***Test for Existence of Autocorrelation***

As a rule of thumb, the value of the Durbin-Watson test less than one or greater than three is not acceptable and is an indication of autocorrelation problem. Table 5.11 shows a Durbin – Watson statistic of 2.671 in Model-I and 1.271 in Model-II which are in acceptable range.

- ***Analysis of Regression Model***

The results of the two regression models that have been estimated to examine the impact of corporate governance practices on the financial performance of Reliance Industries Ltd. are shown below in Table 5.11 and 5.12.

Table 5.11 shows the summary of multiple regression model which is performed through SPSS. The result of the Model-I (ROA) shows that the value of R is .940, which indicates a high correlation between dependent and independent variables. The value of R^2 is .884 and Adjusted R^2 is .769. It means that 76.9 percent of the variation in ROA is explained by the independent and control variables used in this study, and only 23.1 percent of variation in Return on Asset is due to other factors that are not included in this model. The p value of the model is .037 which is less than .05 indicating that the regression model is statistically significant and a fit model.

The result of the Model-II (Tobin's Q) shows that the value of R is .969, which indicates a high correlation between dependent and independent variables. The value of R^2 is .940 and Adjusted R^2 is .879. It means that 87.9 percent of the variation in Tobin's Q is explained by the independent and control variables used in this study, and only 12.1 percent of variation in Tobin's Q is due to other factors that are not included in this model. The p value of the model is .010 which is less than .05 indicating that the regression model is statistically significant and a fit model.

Table 5.11: Results of Regression Analysis: Model Summary – RIL

Model	*R*	*R Square*	*Adjusted R Square*	*F*	*Sig.*	*Durbin – Watson*
Model I ROA	.940	.884	.769	7.653	.037	2.671
Model II Tobin's Q	.969	.940	.879	15.587	.010	1.271

Table 5.12: Regression Coefficients – RIL

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*	*Collinearity*
		B	*Std. Error*	*Beta*			*VIF*
Model I ROA As Dependent variable	CGS	.593	.401	.699	1.480	.213	7.717
	SIZE	-9.277	2.497	-1.770	-3.715	.021	7.859
	SG	.011	.042	.046	.258	.809	1.121
	AT	-13.012	6.326	-.488	-2.057	.109	1.948
Model II Tobin's Q As Dependent variable	CGS	.215	.059	1.249	3.663	.022	
	SIZE	-2.409	.366	-2.268	-6.589	.003	
	SG	-.003	.006	-.058	-.443	.681	
	AT	-3.349	.926	-.619	-3.615	.022	

Table 5.12 shows the result of coefficients performed under the test of multiple regressions. In the Regression Model-I (ROA), the beta value of CGS is positive i.e. .699 which indicates positive impact of CGS on ROA. Further, it is found that CGS has statistically insignificant impact on ROA as its p value is .213 which is more than .05 at 5 percent level of significance. The SIZE and AT have negative beta values i.e., -1.770 and -.488 which indicates negative impact of SIZE and AT on ROA. The beta value of SG is positive i.e., .046 which indicates positive impact of SG on ROA. Moreover, the control variable SIZE has significant impact on ROA as its p value is less than .05. The regression results further reveal that SG and AT are statistically found to have insignificant impact as the p value is more than .05 in both the cases.

Hence, the hypothesis that *there is no significant impact of corporate governance score on ROA of Reliance Industries Ltd is accepted.*

In the Regression Model-II (Tobin's Q), the beta value of CGS is positive i.e., 1.249 which indicates positive impact of CGS on Tobin's Q. Further, it is found that CGS has statistically significant impact on Tobin's Q as its p value is .022 which is less than .05 at 5% level of significance. The SIZE, SG and AT have negative beta values i.e., -2.268, -.058 and -.619, which indicates negative impact of SIZE, SG and AT on Tobin's Q. However, the control variables, SIZE and AT are found to have statistically significant impact on Tobin's Q as the p value is less than .05 at 5% level of significance in both the cases. SG has insignificant impact on Tobin's Q as the p value is more than .05.

Hence, the hypothesis that *there is no significant impact of corporate governance score on Tobin's Q of Reliance Industries Ltd is rejected.*

5.5 Analysis of Impact of Corporate Governance Practices on Financial Performance of ITC Limited

1. *Descriptive Statistics*

The Table 5.13 summarizes the descriptive statistical data for dependent, independent, and control variables. The mean of dependent variables i.e.s ROA and Tobin's Q over a period of 9 years are 20.10 and 6.26 respectively. The mean of CGS (independent variable) over the period of 9 years is 89. Moreover, the mean of control variables, firm size, sales growth and asset tangibility are 12.37, 15.21 and .34 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.13: Descriptive Statistics of the Variables of ITC Ltd.

Variables	No. of Items	Mean	Standard Deviation
ROA	9	20.10	2.226
Tobin's Q	9	6.26	.680
CGS	9	89.00	3.444
Firm Size	9	12.37	.375
Sales Growth	9	15.21	4.271
Asset Tangibility	9	.34	.023

2. *Correlation Analysis*

Table 5.14: Correlation Matrix – ITC Ltd.

		ROA	TOBINQ	CGS	SIZE	SG	AT
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
TOBIN Q	Pearson Correlation	.996**	1				
	Sig. (2-tailed)	.000					
CGS	Pearson Correlation	-.030	-.037	1			
	Sig. (2-tailed)	.939	.926				
SIZE	Pearson Correlation	.874**	.869**	.221	1		
	Sig. (2-tailed)	.002	.002	.568			
SG	Pearson Correlation	.106	.113	-.243	-.242	1	
	Sig. (2-tailed)	.785	.772	.529	.531		
AT	Pearson Correlation	-.626	-.632	.280	-.293	-.582	
	Sig. (2-tailed)	.071	.068	.465	.444	.100	1
**. Correlation is significant at the .01 level (2-tailed).							

The correlation analysis as presented in Table 5.14 shows that CGS has negative and insignificant correlation with ROA and Tobin's Q. Whereas, firm size is positively and significantly correlated with ROA and Tobin's Q. Sales growth is positively and insignificantly correlated with ROA and Tobin's Q, while asset tangibility is negatively correlated with ROA and Tobin's Q.

Table 5.14 further depicts that firm size and asset tangibility are positively and insignificantly correlated with CGS. While sales growth is negatively and insignificantly correlated with CGS. The firm size is negatively and insignificantly correlated with sales growth and asset tangibility. Sales growth and asset tangibility have negative but insignificant relationship between them.

3. *Testing of Hypotheses*

$H_0$4: There is no significant impact of corporate governance score on financial performance of ITC Ltd.

Sub-Hypotheses

$H_0$4.1: There is no significant impact of corporate governance score on ROA of ITC Ltd.

$H_0$4.2: There is no significant impact of corporate governance score on Tobin's Q of ITC Ltd.

Prior to testing the hypotheses, the data is evaluated for existence of multicollinearity and autocorrelation.

- ***Test for Existence of Multicollinearity between Independent Variables***

The VIF values in Table 5.16 lends credence that the regression model are free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence it provides strong evidence that multicollinearity is not a problem for the regression model of ITC Ltd.

- ***Test for Existence of Autocorrelation***

As a rule of thumb, the value of the Durbin-Watson test less than one or greater than three is not acceptable and is an indication of autocorrelation problem.

Table 5.15 shows a Durbin – Watson statistic of 2.307 in Model-I and 2.303 in Model-II which are in acceptable range.

- ***Analysis of Regression Model***

The results of the two regression models that have been estimated to examine the impact of corporate governance practices on the financial performance of ITC Ltd. are shown below in Table 5.15 and 5.16.

Table 5.15 shows the summary of multiple regression model which is performed through SPSS. The result of the Model-I(ROA) shows that the value of R is .964, which indicates a high correlation between dependent and independent variables. The value of R^2 is .930 and Adjusted R^2 is .860. It means that 86 percent of the variation in ROA is explained by the independent and control variables used in this study, and only 14 percent of variation in Return on Asset is due to other factors that are not included in this model. The p value of the model is .014 which is less than .05 indicating that the regression model is statistically significant and a fit model.

The result of the Model-II (Tobin's Q) shows that the value of R is .963, which indicates a high correlation between dependent and independent variables. The value of R^2 is .927 and Adjusted R^2 is .854. It means that 85.4 percent of the variation in Tobin's Q is explained by the independent and control variables used in this study, and only 14.6 percent of variation in Tobin's Q is due to other factors that are not included in this model. The p value of the model is .015 which is less than .05 indicating that the regression model is statistically significant and a fit model.

Table 5.15: Results of Regression Analysis: Model Summary – ITC Ltd.

Model	*R*	*R Square*	*Adjusted R Square*	*F*	*Sig.*	*Durbin – Watson*
Model I ROA	.964	.930	.860	13.240	.014	2.307
Model II Tobin's Q	.963	.927	.854	12.685	.015	2.303

Table 5.16: Regression Coefficients – ITC Ltd.

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*	*Collinearity*
		B	*Std. Error*	*Beta*			*VIF*
Model I	CGS	-.071	.095	-.110	-.750	.495	1.228
ROA As	SIZE	5.041	1.028	.849	4.906	.008	1.707
Dependent variable	SG	.066	.101	.126	.653	.549	2.125
	AT	-25.734	19.515	-.273	-1.319	.258	2.435
Model II	CGS	-.022	.030	-.114	-.759	.490	
Tobin's Q	SIZE	1.531	.321	.843	4.776	.009	
As Dependent	SG	.020	.031	.128	.648	.552	
variable	AT	-8.028	6.089	-.278	-1.319	.258	

Table 5.16 shows the result of coefficients performed under the test of multiple regressions. In the Regression Model-I (ROA), the beta value of CGS is negative i.e., -.110 which indicates negative impact of CGS on ROA. Further, it is found that CGS has statistically insignificant impact on ROA as its p value is .495 which is more than .05 at 5 percent level of significance. The SIZE and SG have positive beta values i.e., .849 and .126, which indicates positive impact of SIZE and SG on ROA. The beta value of AT is negative i.e., -.273 which indicates negative impact of AT on ROA. Moreover, the control variable SIZE has significant impact on ROA as its p value is .008 which is less than .05. The regression results further reveal that SG and AT are statistically found to have insignificant impact as the p value is more than .05 in both the cases.

Hence, the hypothesis that *there is no significant impact of corporate governance score on ROA of ITC Ltd is accepted.*

In the Regression Model-II (Tobin's Q), the beta value of CGS is negative i.e., -.114 which indicates negative impact of CGS on Tobin's Q. Further, it is found that CGS has statistically insignificant impact on Tobin's Q as its p value is .490 which is more than .05 at 5 percent level of significance. The SIZE and SG have positive beta values i.e., .843 and .128, which indicates positive impact of SIZE and SG on Tobin's Q. The beta value of AT is negative i.e., -.278 which indicates negative impact of AT on Tobin's Q. Moreover, the control variable SIZE has significant impact on Tobin's Q as its p value is .009 which is less than .05 at 5 percent level of significance. The regression results further reveal that SG and AT are statistically found to have insignificant impact as the p value is more than .05 in both the cases.

Hence, the hypothesis that *there is no significant impact of corporate governance score on Tobin's Q of ITC Ltd is accepted.*

5.6 Analysis of Impact of Corporate Governance Practices on Financial Performance of Infosys Limited

1. *Descriptive Statistics*

Table 5.17 summarizes the descriptive statistical data for dependent, independent, and control variables. The mean of dependent variables i.e., ROA and Tobin's Q over a period of 9 years are 26.46 and 5.43 respectively. The mean of CGS (independent variable) over the period of 9 years is 87.77. Moreover, the mean of control variables, firm size, sales growth and asset tangibility are 12.45, 15.21 and .17 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.17: Descriptive Statistics of the Variables of Infosys Ltd.

Variable	No. of Items	Mean	Standard Deviation
ROA	9	26.46	4.611
Tobin's Q	9	5.43	2.567
CGS	9	87.77	1.641
Firm Size	9	12.45	.591
Sales Growth	9	15.21	4.271
Asset Tangibility	9	.17	.025

2. *Correlation Analysis*

Table 5.18: Correlation Matrix – Infosys Ltd.

		ROA	TOBIN Q	CGS	SIZE	SG	AT
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
TOBIN Q	Pearson Correlation	.693*	1				
	Sig. (2-tailed)	.039					
CGS	Pearson Correlation	.631	.476	1			
	Sig. (2-tailed)	.068	.195				
SIZE	Pearson Correlation	-.918**	.835**	-.562	1		
	Sig. (2-tailed)	.000	.005	.116			
SG	Pearson Correlation	.156	.677*	-.007	-.332	1	
	Sig. (2-tailed)	.688	.045	.985	.383		
AT	Pearson Correlation	.871**	.412	.663	-.717*	-.150	
	Sig. (2-tailed)	.002	.271	.052	.030	.700	1

*. Correlation is significant at the .05 level (2-tailed).
**. Correlation is significant at the .01 level (2-tailed).

The correlation analysis as presented in Table 5.18 shows that CGS has positive and insignificant correlation with ROA and Tobin's Q. Firm size is negatively but significantly correlated with ROA, whereas firm size has positive and significant relationship with Tobin's Q. Sales growth is positively and insignificantly correlated with ROA, whereas Tobin's Q and sales growth are positively and significantly correlated with each other. Asset tangibility is positively and significantly correlated with ROA, while asset tangibility is positively and insignificantly correlated with Tobin's Q.

Table 5.18 further depicts that frim size and sales growth are negatively correlated with CGS. While asset tangibility is positively correlated with CGS. Sales growth is negatively correlated with firm size, while asset tangibility is negatively but significantly correlated with firm size. Moreover, sales growth is negatively correlated with asset tangibility.

3. *Testing of Hypotheses*

H_05: There is no significant impact of corporate governance score on financial performance of Infosys Ltd.

Sub-Hypotheses

$H_05.1$: There is no significant impact of corporate governance score on ROA of Infosys Ltd.

$H_05.2$: There is no significant impact of corporate governance score on Tobin's Q of Infosys Ltd.

Prior to testing the hypotheses, the data is evaluated for existence of multicollinearity and autocorrelation.

- *Test for Existence of Multicollinearity between Independent Variables*

The VIF values in Table 5.20 lends credence that the regression model are free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence, it provides strong evidence that multicollinearity is not a problem for the regression model of Infosys Ltd.

- *Test for Existence of Autocorrelation*

As a rule of thumb, the value of the Durbin-Watson test less than one or greater than three is not acceptable and is an indication of autocorrelation problem. Table 5.19 shows a Durbin – Watson statistic of 2.205 in Model-I and 2.354 in Model-II which are in acceptable range.

- *Analysis of Regression Model*

The results of the two regression models that have been estimated to examine the impact of corporate governance practices on the financial performance of Infosys Ltd. are shown below in Table 5.19 and 5.20.

Table 5.19 shows the summary of multiple regression model which is performed through SPSS. The result of the Model-I (ROA) shows that the value of R is .968, which indicates a high correlation between dependent and independent variables. The value of

R^2 is .937 and Adjusted R^2 is .874. It means that 87.4 percent of the variation in ROA is explained by the independent and control variables used in this study, and only 12.6 percent of variation in Return on Asset is due to other factors that are not included in this model. The p value of the model is .011 which is less than .05 indicating that the regression model is statistically significant and a fit model.

The result of the Model-II (Tobin's Q) shows that the value of R is .947, which indicates a high correlation between dependent and independent variables. The value of R^2 is .897 and Adjusted R^2 is .793. It means that 79.3 percent of the variation in Tobin's Q is explained by the independent and control variables used in this study, and only 20.7 percent of variation in Tobin's Q is due to other factors that are not included in this model. The p value of the model is .030 which is less than .05 indicating that the regression model is statistically significant and a fit model.

Table 5.19: Results of Regression Analysis: Model Summary – Infosys Ltd.

Model	*R*	*R Square*	*Adjusted R Square*	*F*	*Sig.*	*Durbin – Watson*
Model I ROA	.968	.937	.874	14.843	.011	2.205
Model II Tobin's Q	.947	.897	.793	8.671	.030	2.354

Table 5.20: Regression Coefficients – Infosys Ltd.

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*	*Collinearity*
		B	*Std. Error*	*Beta*			*VIF*
Model I	CGS	.004	.478	.001	.007	.995	1.836
ROA As	SIZE	-4.444	1.833	-.570	-2.425	.072	3.505
Dependent	SG	.040	.178	.037	.226	.833	1.724
variable	AT	85.480	44.331	.467	1.928	.126	3.718
Model II	CGS	.290	.341	.185	.851	.443	
Tobin's Q	SIZE	-2.996	1.306	-.690	-2.294	.084	
As	SG	.258	.127	.428	2.030	.112	
Dependent variable	AT	-14.458	31.594	-.142	-.458	.671	

Table 5.20 shows the result of coefficients performed under the test of multiple regressions. In the Regression Model-I (ROA), the beta value of CGS is .001 which indicates positive impact of CGS on ROA. Further, it is found that CGS has statistically insignificant impact on ROA as its p value is .995 which is more than .05 at 5 percent level of significance. The beta value of firm size is negative i.e., -.570 which indicates negative impact of firm size on ROA. Sales growth and asset tangibility have positive beta values i.e., .037 and .467 which indicates positive impact of sales growth and asset tangibility on ROA. Moreover, the control variables, firm size, sales growth and asset tangibility are statistically found to have insignificant impact as the p value is more than .05 in all the cases of control variables.

Hence, the hypothesis that *there is no significant impact of corporate governance score on ROA of Infosys Ltd is accepted.*

In the Regression Model-II (Tobin's Q), the beta value of CGS is .185 which indicates positive impact of CGS on Tobin's Q. Further, it is found that CGS has statistically insignificant impact on Tobin's Q as its p value is .443 which is more than .05 at 5 percent level of significance. The beta values of firm size and asset tangibility are negative i.e., -.690 and -.142 which indicates negative impact of firm size and asset tangibility on Tobin's Q. Sales growth has positive beta value i.e., .428 which indicates positive impact of sales growth on Tobin's Q. Moreover, the control variables, firm size, sales growth and asset tangibility are statistically found to have insignificant impact as the p value is more than .05 in all the cases of control variables.

Hence, the hypothesis that *there is no significant impact of corporate governance score on Tobin's Q of Infosys Ltd is accepted.*

5.7 Summary of Hypotheses Testing of Secondary Data Analysis

Table 5.21 exhibits the significance value for each hypothesis, which serves as a basis for decision making for acceptance or rejection of hypotheses.

Table 5.21: Summary of Hypotheses Testing of Secondary Data Analysis

S.No.		Hypotheses	Sig. Value	Results
1.	**$H_0$1: There is no significant impact of corporate governance score on financial performance of TCS Ltd.**			
	i	There is no significant impact of corporate governance score on ROA of TCS Ltd.	.615	**Accepted**
	ii	There is no significant impact of corporate governance score on Tobin's Q of TCS Ltd.	.005	**Rejected**
2.	**$H_0$2: There is no significant impact of corporate governance score on financial performance of ONGC Ltd.**			
	i	There is no significant impact of corporate governance score on ROA of ONGC Ltd.	.047	**Rejected**
	ii	There is no significant impact of corporate governance score on Tobin's Q of ONGC Ltd.	.045	**Rejected**
3.	**$H_0$3: There is no significant impact of corporate governance score on financial performance of Reliance Industries Ltd.**			
	i	There is no significant impact of corporate governance score on ROA of Reliance Industries Ltd.	.213	**Accepted**
	ii	There is no significant impact of corporate governance score on Tobin's Q of Reliance Industries Ltd.	.022	**Rejected**
4.	**$H_0$4: There is no significant impact of corporate governance score on financial performance of ITC Ltd.**			
	i	There is no significant impact of corporate governance score on ROA of ITC Ltd.	.495	**Accepted**
	ii	There is no significant impact of corporate governance score on Tobin's Q of ITC Ltd.	.490	**Accepted**
5.	**$H_0$5: There is no significant impact of corporate governance score on financial performance of Infosys Ltd.**			
	i	There is no significant impact of corporate governance score on ROA of Infosys Ltd.	.995	**Accepted**
	ii	There is no significant impact of corporate governance score on Tobin's Q of Infosys Ltd.	.443	**Accepted**

Table 5.21 exhibits the results for hypotheses testing regarding the impact of corporate governance practices on the financial performance of the selected Indian companies. The study period spreads to nine financial years starting from 2005-2006 to 2013-2014. In the case of ONGC Ltd., it is observed that the corporate governance practices do have an impact on the financial performance of ONGC Ltd. In the case of TCS Ltd. and Reliance Industries Ltd., there are mixed results and indications that the corporate governance practices do have an impact on the market performance of these two companies but do not impact the accounting based performance of the companies. Further, in case of ITC Ltd. and Infosys Ltd., it is clearly indicated that the corporate governance practices of these companies do not have an impact on the financial performance of these two companies.

SECTION-II

5.8 Introduction

In the first section of the present chapter, the impact of corporate governance practices as measured in terms of corporate governance score has been analyzed on the financial performance as proxied by Return on Assets and Tobin's Q through multiple regression analysis technique. The focus of this section is to study the perception of investors towards the corporate governance practices followed by the selected Indian companies. It presents the results of the analysis of the survey conducted through structured questionnaire on a sample of investors living in Delhi and NCR region. The study tries to find out the awareness and perceptions on corporate governance among the investors of selected companies and across the demographic characteristics. Moreover, the study analyses the impact of perception of investors towards corporate governance on their investment pattern. Various statistical techniques like descriptive statistics, one way ANOVA and multiple regression analysis have been applied to analyze the data. Moreover, the Validity and Reliability of the measuring instrument have been tested and the factor analysis has been applied.

5.9 Sampling Plan

The universe for sampling comprises the vast body of investors of the five Indian companies selected for this study. Since the investors' number is too large, it is not possible to collect data from the entire population. Hence, a selected sample is taken for the data collection from the five companies, viz., TCS Ltd., ONGC Ltd., Reliance Industries Ltd., ITC Ltd. and Infosys Ltd. The sample size constitutes of 500 investors in total drawn from each of the five companies sampled for the study. Paucity of resources have put geographical restriction in the selection of sample of investors who are scattered all over the country and even abroad. The study overcomes this limitation by picking up the respondents for the sample from the investors living in Delhi and NCR region. The convenience sampling method has been used as sampling procedure to select the respondent investors.

The following Table 5.22 depicts the sample size and the response rate on the questionnaires distributed. The Table clearly shows that a total of 500 questionnaires were distributed to the investors of all the five companies out of which a total of 410 questionnaires were returned yielding a total of 82% response rate.

Table 5.22: Exhibit Showing Sample Size of the Respondents

Company	TCS Ltd.	ONGC Ltd.	Reliance Ind. Ltd.	ITC Ltd.	Infosys Ltd.	Total
Sample Size	100	100	100	100	100	500
Usable and Completed Questionnaires Received	83	71	87	79	90	410
Response Rate (%)	83%	71%	87%	79%	90%	82%

5.10 Questionnaire

The present study has been conducted with the help of well-designed structured questionnaire. The questionnaire consists of four sections. The first part of the questionnaire is associated with the demographic profile of the investors. Demographic profile includes age, educational qualification, occupation and investment experience and name of the investee company.

The second section of the questionnaire comprises of three questions related to investment pattern of the investors. The three questions are related to Business Goal, Investment Advice Sources and Investment Decision Criteria. The business goal and investment advice resources consists of five statements each, whereas investment decision criteria consists of six statements. These statements are based on a five point Likert Scale ranging from 'Not at all Important' to 'Extremely Important'. The variables related to investment pattern has been selected from the past studies related to investment behavior of the varied investors.

The third section of the questionnaire relates to the awareness of investors regarding the concept of corporate governance. This section includes two questions pertaining to the meaning and objectives of the corporate governance. Each question consists of five statements. These statements are based on a five point Likert Scale ranging from 'Strongly Disagree' to 'Strongly Agree'. It has been constructed to measure the level of investors' agreement to the statements.

The fourth section of the questionnaire comprises of a total of twenty four statements based on a five point Likert Scale ranging from 'Strongly Disagree' to 'Strongly Agree'. This section has been designed to evaluate the perception of investors towards the corporate governance practices followed by the companies. The twenty four statements pertaining to perception of investors are grouped under four attributes, namely 'Discipline', 'Disclosure and Transparency', 'Shareholder Rights', and 'Corporate Governance Effectiveness'. These variables or attributes has been selected from the literature review related to corporate governance.

5.11 Administration of Questionnaire

The selected respondents-investors formed the body of educated individuals and professionals. The particulars of sampled investors were obtained from the company concerned. The questionnaire contained self-explanatory questions couched in lucid and comprehensible language requiring no back up of any help of enumerator for explanation. Hence, the questionnaires were mailed to the respondent-investors with humble request to carve out a little of their precious time to fill the answers in the questionnaire and mail it back within the time-limit. A post-paid self-addressed envelope also accompanied the questionnaire to facilitate its safe and convenient return from the respondent-investors. The respondents were also sent questionnaires through e-mails to get wider coverage and quick response.

5.12 Analysis of Collected Data

The primary data collected by means of the questionnaire from the respondents has been processed, analyzed and conclusions drawn by application of suitable statistical techniques with the help of Statistical Package for Social Sciences (SPSS Version 19.0).

5.12.1 Demographic Profile of Investors

The demographic profile of the investors of the five selected companies namely, TCS Ltd., ONGC Ltd, Reliance Industries Ltd., ITC Ltd. and Infosys Ltd.

have been presented with the help of the graphs. The summary statistics of the demographic characteristics is presented in the Table 5.23. To study the profile of the investors, the demographic characteristics includes age, educational qualification, occupation, and investment experience.

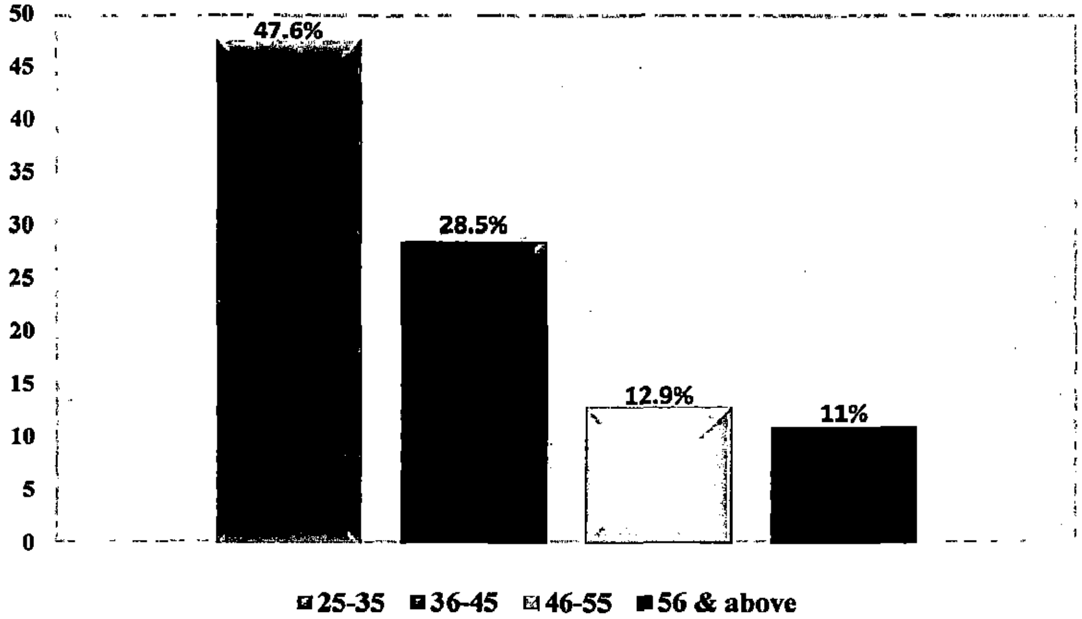
Table 5.23: Summary Statistics - Demographic Profile of Investors

Characteristics/Profile		Count	Percentage	Mean	Median	Standard Deviation
Age (in years)	25-35	195	47.6	1.873	2.000	1.015
	36-45	117	28.5			
	46-55	53	12.9			
	56 & above	45	11.0			
Educational Qualification	X^{th} or Below	38	9.3	2.478	2.000	.851
	Graduate	197	48.0			
	Post Graduate	116	28.3			
	Professional Qualification	59	14.4			
Occupation	Businessmen	114	27.8	2.410	3.000	1.041
	Government Employee	72	17.6			
	Private Employee	166	40.5			
	Profession	58	14.1			
Investment Experience	Less than 1 year	94	22.9	2.620	3.000	1.255
	1-3 years	110	26.8			
	3-5 years	102	24.9			
	5-10 years	66	16.1			
	More than 10 years	38	9.3			

Age Group

The Graph 5.1 shows the age group of respondents. The dominant age group of the respondents belongs to the age group of 25 to 35 years. It can be seen that 47.6% investors are between the age group of 25 to 35 years, 28.5% investors belongs to the 36 to 45 years age group, 12.9% belongs to the 46 to 55 years age group and only 11% are from the age group of above 56 years.

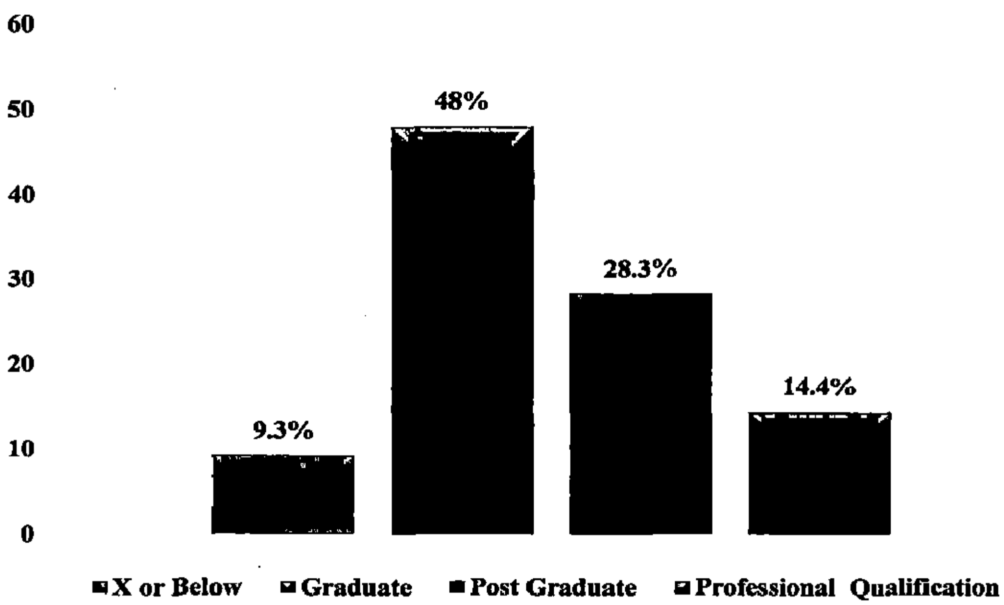
Graph 5.1: Age Groups of Respondents



Educational Qualification

The Graph 5.2 shows the educational qualification of the respondents. In terms of educational qualification, majority of respondents (48%) are graduate, whereas 28.3% are post-graduates and 14.4% possess professional qualification. Only 9.3% of respondents have studied up to Xth or below.

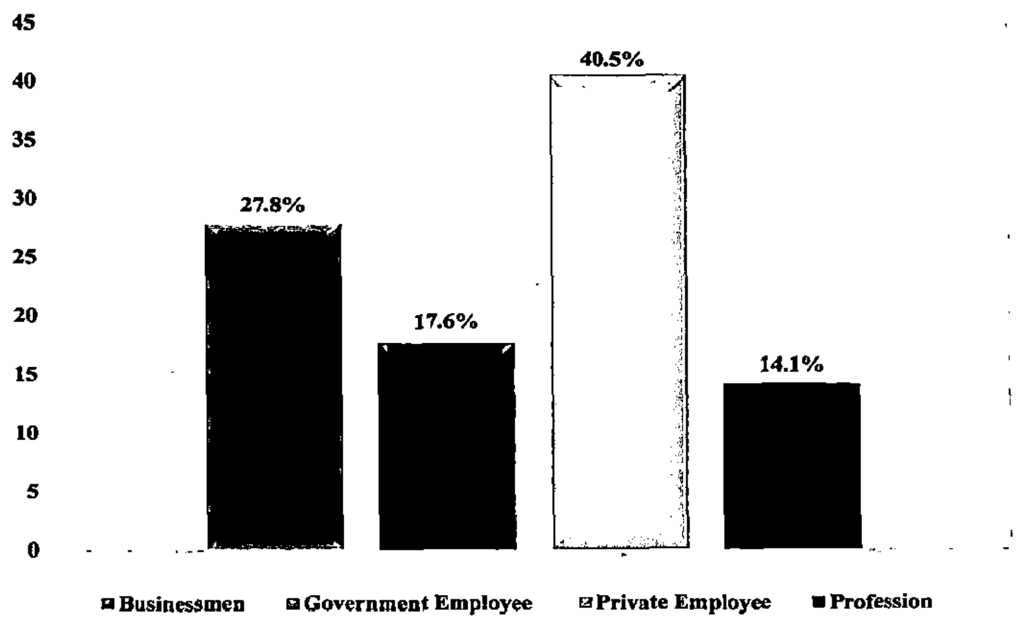
Graph 5.2: Educational Qualification of Respondents



Occupation

The Graph 5.3 shows the occupation of the respondents. It is inferred that 40.5% percent of the investors are private employees followed by 27.8% of investors who are businessmen. 17.6% of the investors are government employees, while 14.1% of the investors are professionals.

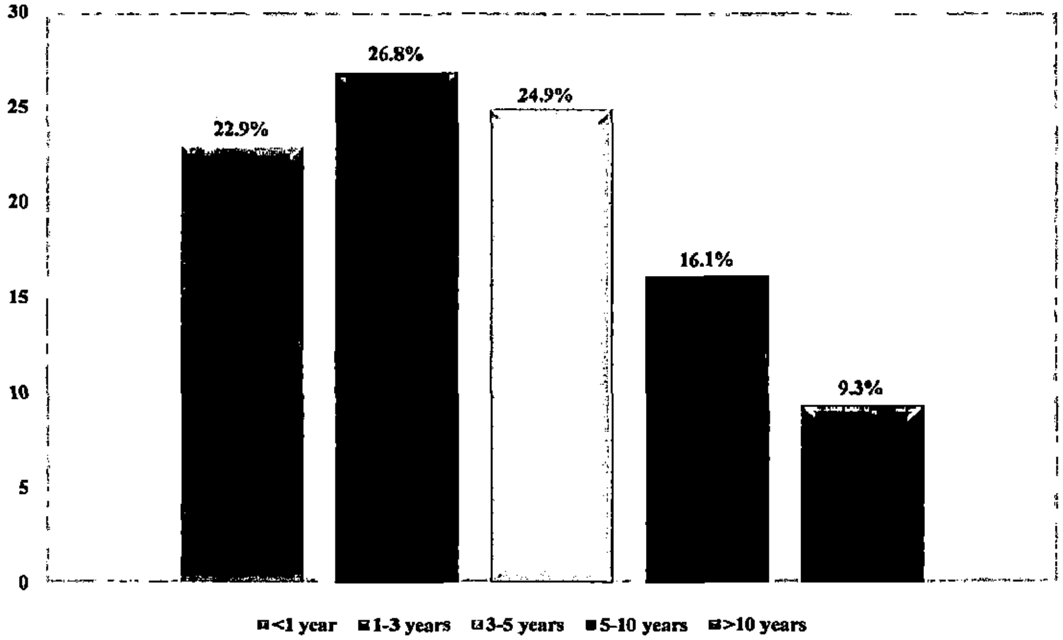
Graph 5.3: Occupation of Respondents



Investment Experience

The Graph 5.4 shows the investment experience of the respondents. It can be inferred that 94 (22.9%) investors have less than 1 year experience, 110 (26.8%) investors have 1 to 3 years of experience. 102 (24.9%) investors have 3 to 5 years of experience, 66 (16.1%) investors have 5 to 10 years of experience and 38 (9.3%) investors have more than 10 years of experience.

Graph 5.4: Investment Experience of Respondents



5.12.2 Validity of the Research Instrument

Validity is defined as the extent to which any measuring instrument measures what it actually intends to measure. "One validates, not a test, but an interpretation of data arising from a specified procedure" (Cronbach, 1971).

The validity of the research instrument has been tested by the method of pilot study. A draft questionnaire is designed based on key issues identified and is pilot tested in Delhi with a sample size of 50 investors. During pilot testing the questionnaires is also sent to few academicians and experts. Based on the pilot testing and suggestions received, the questionnaire was suitably modified before final administration on the investors.

5.12.3 Reliability of Data

The most common measure of scale reliability is Cronbach's Alpha. The Cronbach Alpha coefficient is an indicator of internal consistency and reliability of the scale. Cronbach's Alpha reliability coefficient normally ranges between 0 and 1. There is actually no lower limit to the coefficient. The closer the Cronbach's Alpha coefficient is 1, the greater the internal consistency of the items in the scale. "A value of Cronbach Alpha above .70 can be used as a reasonable test of scale reliability" (Nunnally, 1978).

Table 5.24: Reliability Statistics of all the Variables

S.No.	Reliability Dimensions	No. of Items	Cronbach's Alpha
1	Business Goal	5	.869
2	Investment Advice Sources	5	.896
3	Investment Decision Criteria	6	.873
4	Meaning	5	.856
5	Objectives	5	.864
6	Discipline	6	.856
7	Disclosure and Transparency	5	.868
8	Shareholder Rights	8	.866
9	Corporate Governance Effectiveness	5	.864
Overall Reliability		**9**	**.881**

The above Table 5.24 shows the reliability of nine dimensions and the overall reliability of all the dimensions. The value of Cronbach's Alpha is more than minimum standard value of .70 in each dimension and the value of overall reliability is .881 which is also higher than the minimum threshold of .70. Hence, the scale is considered reliable for the study.

5.12.4 Factor Analysis

"Factor analysis is a technique of statistically identifying a reduced number of factors from a larger number of measured variables" (Zikmund, Babin, Carr & Griffin, 2012). Factor analysis is also considered as a data reduction technique whereby a researcher summarizes the information from many variables into a reduced set of variates or composite variables. Principal Component Analysis (PCA) is a method used for factor analysis with the help of Varimax Rotation Method. PCA is a dimension reduction technique and seeks to maximize the sum of squared loadings of each factor extracted in turn. Kaiser-Meyer-Olkin (KMO) and Bartlett's test are used to measure sampling adequacy to test as to whether the adequacy of data is applicable for factor analysis or not. KMO value must exceed .50 which indicates that factor analysis is appropriate (Malhotra & Dash, 2011). The Bartlett's Test of Sphericity examines the presence of correlations or strength of relationship among the variables. This test is significant when the significance value is less than .05.

Table 5.25: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.882
Bartlett's Test of Sphericity	Approx. Chi-Square	8090.266
	df	1225
	Sig.	.000

The table 5.25 represents the results of KMO and Bartlett's tests. The value of KMO statistics is .882 which is more than .50 and found to be acceptable. Therefore, it implies that the factor analysis for data reduction is effective. The Bartlett's Test of Sphericity statistics is highly significant as the p value is .000 which is less than .05 and therefore factor analysis is appropriate.

Table 5.26: Factor Loading of Items

S.No.	Items		Factor Loadings
A	**INVESTMENT PATTERN**		
1.	Business Goal	Safety of Amount Invested	.500
2.	Business Goal	Regular Income in the form of Investment	.488
3.	Business Goal	Higher Returns	.617
4.	Business Goal	Capital Appreciation	.727
5.	Business Goal	Liquidity	.594
6.	Investment Advice Sources	Own Research	.634
7.	Investment Advice Sources	Financial Advisors	.402
8.	Investment Advice Sources	Family, Friends and Colleagues Advice	.733
9.	Investment Advice Sources	Broker Advice	.841
10.	Investment Advice Sources	Social Media	.655
11.	Investment Decision Criteria	Market Share	.565
12.	Investment Decision Criteria	Stock Performance	.752
13.	Investment Decision Criteria	Sound Corporate Governance	.500
14.	Investment Decision Criteria	Competitive Position	.425
15.	Investment Decision Criteria	Reputation of Promoter	.660
16.	Investment Decision Criteria	Quality of Financial Reporting	.475
B.	**AWARENESS OF CONCEPT OF CORPORATE GOVERNANCE**		
17.	Meaning	Companies being run efficiently	.696
18.	Meaning	Holding people accountable	.655
19.	Meaning	Separating governance from management	.552
20.	Meaning	Moral development of corporation	.664
21.	Meaning	Ensuring disclosure and transparency	.456
22.	Objectives	Ensure compliance with laws	.600
23.	Objectives	Investors Protection	.549
24.	Objectives	Ensure performance above industry average	.531
25.	Objectives	Evaluate performance of management team	.694
26.	Objectives	Ensure company meets its social responsibilities	.664

C.	PERCEPTION TOWARDS CORPORATE GOVERNANCE PRACTICES		
27.	Discipline	Core Business activity	.506
28.		Company's mission statement	.645
29.		Inclusion of corporate governance report	.603
30.		Ethics Committee	.547
31.		Audit Committee	.570
32.		Chairman and CEO to be same person	.617
33.	Disclosure and Transparency	English language website	.817
34.		Financial statements timely and informative	.500
35.		Details of Special resolution passed	.628
36.		Disclose of major and market sensitive information	.559
37.		Resolve shareholders grievances	.558
38.	Shareholder Rights	Date and Venue of AGM	.552
39.		Agenda items of AGM	.583
40.		Questions and placing issues in AGM	.674
41.		Minutes of meeting sent	.646
42.		Public announcement	.704
43.		Extensive disclosure of shareholder rights	.573
44.		Dividend policies transparency	.503
45.		Timely distribution of dividends	.497
46.	Corporate Governance Effectiveness	Information in Corporate Governance Report reliable	.472
47.		Corporate Governance reports disclose adequate information	.801
48.		Good corporate governance earn higher shareholder returns	.486
49.		Corporate governance practices better than other Exchange-listed companies	.472
50.		Companies Act 2013 effective	.751

Table 5.26 represents the factor loading of the items by using the principal component analysis with varimax rotation and Kaiser normalisation as an extraction method. It has been found that all the 50 items of the questionnaire have factor loadings more than .40 which are in the acceptable range.

Further SPSS output also gives another table which shows the Eigen value for all the 50 statements.

Table 5.27: Total Variance Explained

Components	Extraction Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**
1	11.266	22.533	22.533
2	3.967	7.934	30.467
3	2.112	4.224	34.691
4	1.865	3.731	38.422
5	1.757	3.514	41.936
6	1.512	3.023	44.959
7	1.412	2.824	47.783
8	1.296	2.593	50.376
9	1.220	2.441	52.817

Table 5.27 represents the Eigen value and total variances explained. The table represents nine components which have Eigen value more than one. It has also been found that these nine components represent 52.82% of total variance.

5.12.5 Hypotheses Testing

In the present study in order to check the differences in the awareness and perception among the investors of different companies and across the investor's demographic characteristics such as age, educational qualification, occupation and investment experience, one way ANOVA technique has been applied. Multiple Regression Analysis technique has been applied to evaluate the impact of investors' perception towards corporate governance practices followed by the companies on their investment pattern.

1. $H_0$6: There is no significant difference in the awareness of the concept of corporate governance among the investors of different companies.

The hypothesis investigates whether there is any significant difference in the awareness of the concept of corporate governance among the investors of different companies. To test this hypothesis, one way ANOVA technique has been applied.

Table 5.28 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores among the different companies indicates that the investors are more or less aware about the concept of corporate governance. It has been found that the mean score for awareness of the concept of corporate governance is highest (3.68) among the investors of 'Infosys Ltd'. It can be observed from the table that the investors of the 'ONGC Ltd.' have the lowest mean value. Therefore, it can be said that investors of 'Infosys' are more aware and the investors of 'ONGC Ltd.' are least aware of the concept of corporate governance.

Table 5.28: Result of One Way ANOVA on Awareness Among Investors of Different Companies

Company	N	Mean	Std. Deviation	df	F-value	Sig. value
TCS	83	3.59	.507	409	1.192	.314
ONGC	71	3.50	.678			
RIL	87	3.58	.520			
ITC	79	3.56	.575			
Infosys	90	3.68	.432			

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the awareness of the concept of corporate governance among the investors of different companies. Table 5.28 shows that the df is 409, 'F' value is 1.192 and Sig. value is .314 which is more than .05 (5% significance level). This indicates that there is no significant difference in the awareness of the concept of corporate governance among the investors of different companies.

Hence, the hypothesis that *there is no significant difference in the awareness of the concept of corporate governance among the investors of different companies is accepted.*

2. $H_0$7: There is no significant difference in the awareness of the concept of corporate governance across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

Sub-Hypotheses

$H_0$7.1: There is no significant difference in the awareness of the concept of corporate governance across investors' age.

$H_0$7.2: There is no significant difference in the awareness of the concept of corporate governance across investors' educational qualification.

$H_0$7.3: There is no significant difference in the awareness of the concept of corporate governance across investors' occupation.

$H_0$7.4: There is no significant difference in the awareness of the concept of corporate governance across investors' investment experience.

i. Awareness Vs. Age Group

The hypothesis seeks to test whether there is any significant difference in the awareness of the concept of corporate governance across investors' age group. To test this hypothesis, one way ANOVA has been applied.

Table 5.29: Result of One Way ANOVA on Awareness Across Age Group

Age Group	N	Mean	Std. Deviation	df	F-value	Sig. value
25-35	195	3.52	.623	409	2.845	.037
36-45	117	3.64	.466			
46-55	53	3.74	.384			
56 and above	45	3.59	.466			

Table 5.29 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different age groups indicates that the investors of all the age groups have more or less awareness of the concept of corporate governance. It has been found that the mean score for awareness of the concept of corporate governance is highest (3.74) in the age group of '46-55' with standard deviation of .384. It can be observed from the table that the investors in the age group of '25-35' have the lowest mean value of 3.52. Therefore, it can be said that investors of age group '46-55' are more aware and the investors of age group '25-35' are least aware of the concept of corporate governance.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the awareness of the concept of corporate governance across investors' age group. Table 5.29 shows that the df is 409, 'F' value is 2.845 and Sig. value is .037 which is less than .05 (5% significance level). This indicates that there is a significant difference in the awareness of the investors across age group.

Hence, the hypothesis that *there is no significant difference in the awareness of the concept of corporate governance across investors' age group is rejected.*

ii. Awareness Vs. Educational Qualification

The hypothesis seeks to test whether there is any significant difference in the awareness of the concept of corporate governance across investors' educational qualification. To test this hypothesis, one way ANOVA has been applied.

Table 5.30: Result of One Way ANOVA on Awareness Across Educational Qualification

Educational Qualification	N	Mean	Std. Deviation	df	F-value	Sig. value
X^{th} or Below	38	3.66	.284	409	5.590	.001
Graduate	197	3.48	.647			
Post Graduate	116	3.66	.408			
Professional Qualification	59	3.76	.445			

Table 5.30 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across educational qualification indicates that the investors of all the educational background are more or less aware of the concept of corporate governance. It has been found that the mean score for awareness of the concept of corporate governance is highest (3.76) among the investors who are professionally qualified with standard deviation of .445. It can be observed from the table that the investors who are graduates have the lowest mean value of 3.48. Therefore, it can be said that the investors who are professionally qualified are more aware and the investors who are graduates are least aware of the concept of corporate governance.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the awareness of the concept of corporate governance across educational qualification. Table 5.30 shows that the df is 409, 'F' value is 5.590 and Sig. value is .001 which is less than .05 (5% significance level). This indicates that there is a significant difference in the awareness of the concept of corporate governance across educational qualification.

Hence, the hypothesis that *there is no significant difference in the awareness of the concept of corporate governance across educational qualification is rejected.*

iii. Awareness Vs. Occupation

The hypothesis seeks to test whether there is any significant difference in the awareness of the concept of corporate governance across investors' occupation. To test this hypothesis, one way ANOVA has been applied.

Table 5.31: Result of One Way ANOVA on Awareness Across Occupation

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Businessmen	114	3.64	.401	409	2.837	.038
Government Employee	72	3.71	.387			
Private Employee	166	3.51	.644			
Profession	58	3.56	.602			

Table 5.31 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across occupation indicates that the investors in all the occupations are more or less aware of the concept of corporate governance. It has been found that the mean score for awareness of the concept of corporate governance is highest (3.71) among the investors who are government employee with standard deviation of .387. It can be observed from the table that the investors who are private employees have the lowest mean value of 3.51. Therefore, it can be said that the investors who are government employees are more aware and the investors who are private employees are least aware of the concept of corporate governance.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the awareness of the concept of corporate governance across investors' occupation. Table 5.31 shows that the df is 409, 'F' value is 2.837 and Sig. value is .038 which is less than .05 (5% significance level). This indicates that there is a significant difference in the awareness of the concept of corporate governance across investors' occupation.

Hence, the hypothesis that *there is no significant difference in the awareness of the concept of corporate governance across investors' occupation is rejected.*

iv. Awareness Vs. Investment Experience

The hypothesis seeks to test whether there is any significant difference in the awareness of the concept of corporate governance across investors' investment experience. To test this hypothesis, one way ANOVA has been applied.

Table 5.32: Result of One Way ANOVA on Awareness Across Investment Experience

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Less than 1 year	94	3.46	.683	409	4.145	.003
1-3 years	110	3.51	.560			
3-5 years	102	3.69	.377			
5-10 years	66	3.65	.459			
More than 10 years	38	3.77	.416			

Table 5.32 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across investment experience indicates that the investors are more or less aware of the concept of corporate governance. It has been found that the mean score for awareness of the concept of corporate governance is highest (3.77) among the investors who are having more than 10 years of investment experience. It can be observed from the table that the investors who are having less than 1 year experience of investment have the lowest mean value of 3.46. Therefore, it can be said that the investors who are having 'More than 10 years' of investment experience are more aware and the investors who are having 'Less than I year' of investment experience are least aware of the concept of corporate governance.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the awareness of the concept of corporate governance across investors' investment experience. Table 5.32 shows that the df is 409, 'F' value is 4.145 and Sig. value is .003 which is less than .05 (5% significance level). This indicates that there is a significant difference in the awareness of the concept of corporate governance across investors' investment experience.

Hence, the hypothesis that *there is no significant difference in the awareness of the concept of corporate governance across investors' investment experience is rejected.*

3. $H_0$8: There is no significant difference in the perception of investors towards corporate governance practices across different companies.

Sub-Hypotheses

$H_0$8.1: There is no significant difference in the perception of investors on discipline across different companies.

$H_0$8.2: There is no significant difference in the perception of investors on disclosure and transparency across different companies.

$H_0$8.3: There is no significant difference in the perception of investors on shareholder rights across different companies.

$H_08.4$: There is no significant difference in the perception of investors on corporate governance effectiveness across companies.

i. Discipline Vs. Companies

The hypothesis investigates whether there is any significant difference in the perception of investors on 'Discipline' across different companies. To test this hypothesis, one way ANOVA has been applied.

Table 5.33 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across companies indicates that the investors of all the companies have more or less positive perception on discipline. It has been found that the mean score for perception on discipline is highest (3.57) among the investors of 'Infosys Ltd' with standard deviation of .477. It can be observed from the table that the investors of the 'ONGC Ltd.' have the lowest mean value of 3.30. Therefore, it can be said that the investors of Infosys Ltd. comparatively to other companies have more positive perception on discipline. Whereas, the investors of ONGC Ltd. have least positive perception on discipline as compared to other companies.

Table 5.33: Result of One Way ANOVA on Discipline Across Different Companies

Company	N	Mean	Std. Deviation	df	F-value	Sig. value
TCS	83	3.41	.555	409	2.872	.038
ONGC	71	3.30	.643			
RIL	87	3.48	.604			
ITC	79	3.46	.526			
Infosys	90	3.57	.477			

Analysis of Variance (ANOVA) was performed to test the statistical difference in the perception of investors on 'Discipline' across different companies. Table 5.33 shows that the df is 409, 'F' value is 2.872 and Sig. value is .038 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on discipline across different companies.

Hence, the hypothesis that *there is no significant difference in the perception of investors on discipline across different companies is rejected.*

ii. Disclosure and Transparency Vs. Companies

The hypothesis investigates whether there is any significant difference in the perception of investors on 'Disclosure and Transparency' across different companies. To test this hypothesis, one way ANOVA has been applied.

Table 5.34 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across companies indicates that the investors of all the companies have more or less positive perception on disclosure and transparency. It has been found that the mean score for perception on disclosure and transparency is highest (3.64) among the investors of 'Infosys Ltd' with standard deviation of .391. It can be observed from the table that the investors of the 'ONGC Ltd.' have the lowest mean value of 3.45. Therefore, it can be said that the investors of Infosys Ltd. comparatively to other companies are having more positive perception on disclosure and transparency. Whereas, the investors of ONGC Ltd. have least positive perception compared to other companies on disclosure and transparency.

Table 5.34: Result of One Way ANOVA on Disclosure and Transparency Across Different Companies

Company	N	Mean	Std. Deviation	df	F-value	Sig. value
TCS	83	3.61	.514	409	1.759	.136
ONGC	71	3.45	.580			
RIL	87	3.50	.632			
ITC	79	3.57	.506			
Infosys	90	3.64	.391			

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors on 'Disclosure and Transparency' across different companies. Table 5.34 shows that the df is 409, 'F' value is 1.759 and Sig. value is .136 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on disclosure and transparency across different companies.

Hence, the hypothesis that *there is no significant difference in the perception of investors on disclosure and transparency across different companies is accepted.*

iii. Shareholder Rights Vs. Companies

The hypothesis investigates whether there is any significant difference in the perception of investors on 'Shareholder Rights' across different companies. To test this hypothesis, one way ANOVA has been applied.

Table 5.35 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different companies indicates that the investors of all the companies have more or less positive perception on shareholder rights. It has been found that the mean score for perception on shareholder rights is highest (3.82) among the investors of 'ITC Ltd' with standard deviation of .541. It can be observed from the table that the investors of the 'ONGC Ltd.' have the lowest mean value of 3.52. Therefore, it can be said that the investors of ITC Limited comparatively to other companies are having more positive perception on shareholder rights. Whereas, the investors of ONGC Ltd. have least positive perception compared to other companies on shareholder rights.

Table 5.35: Result of One Way ANOVA on Shareholder Rights Across Different Companies

Company	N	Mean	Std. Deviation	df	F-value	Sig. value
TCS	83	3.78	.545	409	3.768	.005
ONGC	71	3.52	.635			
RIL	87	3.62	.584			
ITC	79	3.82	.541			
Infosys	90	3.73	.426			

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors on 'Shareholder Rights' across different companies. Table 5.35 shows that the df is 409, 'F' value is 3.768 and Sig. value is .005 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on shareholder rights across different companies.

Hence, the hypothesis that *there is no significant difference in the perception of investors on shareholder rights across different companies is rejected.*

iv. Corporate Governance Effectiveness Vs. Companies

The hypothesis investigates whether there is any significant difference in the perception of investors on 'Corporate Governance Effectiveness' across different companies. To test this hypothesis, one way ANOVA has been applied.

Table 5.36 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different companies indicates that the investors of all the companies have more or less positive perception on corporate governance effectiveness. It has been found that the mean score for perception on corporate governance effectiveness is highest (3.54) among the investors of 'Infosys Ltd' with standard deviation of .405. It can be observed from the table that the investors of the 'ONGC Ltd.' have the lowest mean value of 3.32. Therefore, it can be said that the investors of Infosys Limited comparatively to other companies are having more positive perception on corporate governance effectiveness. Whereas, the investors of ONGC Ltd. have least positive perception compared to other companies on corporate governance effectiveness.

Table 5.36: Result of One Way ANOVA on Corporate Governance Effectiveness Across Different Companies

Company	N	Mean	Std. Deviation	df	F-value	Sig. value
TCS	83	3.44	.571	409	1.574	.180
ONGC	71	3.32	.641			
RIL	87	3.45	.558			
ITC	79	3.46	.593			
Infosys	90	3.54	.405			

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors on 'Corporate Governance Effectiveness' across different companies. Table 5.36 shows that the df is 409, 'F' value is 1.574 and Sig. value is .180 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on corporate governance effectiveness across different companies.

Hence, the hypothesis that *there is no significant difference in the perception of investors on corporate governance effectiveness across different companies is accepted.*

4. $H_0$9: There is no significant difference in the perception of investors on discipline across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

Sub-Hypotheses

$H_0$9.1: There is no significant difference in the perception of investors on discipline across age.

$H_0$9.2: There is no significant difference in the perception of investors on discipline across educational qualification.

$H_0$9.3: There is no significant difference in the perception of investors on discipline across occupation.

$H_0$9.4: There is no significant difference in the perception of investors on discipline across investment experience.

i. Discipline Vs. Age Group

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Discipline' across age group. To test this hypothesis, one way ANOVA has been applied.

Table 5.37: Result of One Way ANOVA on Discipline Across Age Group

Age Group	N	Mean	Std. Deviation	df	F-value	Sig. value
25-35	195	3.39	.632	409	1.436	.232
36-45	117	3.50	.523			
46-55	53	3.53	.393			
56 and above	45	3.51	.516			

Table 5.37 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different age groups indicates that the investors of all the age groups have more or less positive perception on discipline. It has been found that the mean score for perception on discipline is highest (3.53) in the age group of '46-55' with standard deviation of .393. It can be observed from the table that the investors in the age group of '25-35' have the lowest mean value of 3.39. Therefore, it can be said that the investors of age group '46-55' are having more positive perception on discipline. Whereas, the investors of age group '25-35' have least positive perception on discipline.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Discipline' across age group. Table 5.37 shows that the df is 409, 'F' value is 1.436 and Sig. value is .232 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on discipline across age group.

Hence, the hypothesis that *there is no significant difference in the perception of investors on discipline across age group is accepted.*

ii. Discipline Vs. Educational Qualification

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Discipline' across educational qualification. To test this hypothesis, one way ANOVA has been applied.

Table 5.38: Result of One Way ANOVA on Discipline Across Educational Qualification

Educational Qualification	N	Mean	Std. Deviation	df	F-value	Sig. value
X^{th} or Below	38	3.49	.397	409	4.961	.002
Graduate	197	3.35	.648			
Post Graduate	116	3.53	.461			
Professional Qualification	59	3.63	.477			

Table 5.38 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across educational qualification indicates that the investors of all the educational background have more or less positive perception on discipline. It has been found that the mean score for perception on discipline is highest (3.63) among the investors who are professionally qualified with standard deviation of .477. It can be observed from the table that the investors who are graduates have the lowest mean value of 3.35. Therefore, it can be said that the investors who are professionally qualified are having more positive perception on discipline. Whereas, the investors who are graduates have least positive perception on discipline.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Discipline' across educational qualification. Table 5.38 shows that the df is 409, 'F' value is 4.961 and Sig. value is .002 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on discipline across educational qualification.

Hence, the hypothesis that *there is no significant difference in the perception of investors on discipline across educational qualification is rejected.*

iii. Discipline Vs. Occupation

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Discipline' across occupation. To test this hypothesis, one way ANOVA has been applied.

Table 5.39: Result of One Way ANOVA on Discipline Across Occupation

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Businessmen	114	3.48	.407	409	.773	.510
Government Employee	72	3.48	.460			
Private Employee	166	3.40	.679			
Profession	58	3.51	.592			

Table 5.39 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across occupation indicates that the investors in all the occupation have more or less positive perception on discipline. It has been found that the mean score for perception on discipline is highest (3.51) among the investors who are professionals with standard deviation of .592. It can be observed from the table that the investors who are private employee have the lowest mean value of 3.40. Therefore, it can be said that the investors who are professionals are having more positive perception on discipline. Whereas, the investors who are private employees have least positive perception on discipline.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Discipline' across occupation. Table 5.39 shows that the df is 409, 'F' value is .773 and Sig. value is .510 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on discipline across occupation.

Hence, the hypothesis that *there is no significant difference in the perception of investors on discipline across occupation is accepted.*

iv. Discipline Vs. Investment Experience

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Discipline' across investment experience. To test this hypothesis, one way ANOVA has been applied.

Table 5.40: Result of One Way ANOVA on Discipline Across Investment Experience

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Less than 1 year	94	3.31	.699	409	2.992	.019
1-3 years	110	3.42	.673			
3-5 years	102	3.53	.388			
5-10 years	66	3.54	.412			
More than 10 years	38	3.56	.390			

Table 5.40 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across investment experience indicates that the investors having different investment experiences have more or less positive perception on discipline. It has been found that the mean score for perception on discipline is highest (3.56) among the investors who are having 'More than 10 years' of investment experience. It can be observed from the table that the investors who are having 'Less than 1 year' experience of investment have the lowest mean value of 3.31. Therefore, it can be said that the investors who are having investment experience of 'More than 10 years' have more positive perception on discipline. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on discipline.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Discipline' across investment experience. Table 5.40 shows that the df is 409, 'F' value is 2.992 and Sig. value is .019 which is less than .05 (5% significance level). This indicates a significant difference in the perception of investors on discipline across investment experience.

Hence, the hypothesis that *there is no significant difference in the perception of investors on discipline across investment experience is rejected.*

5. $H_0$10: There is no significant difference in the perception of investors on disclosure and transparency across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

Sub-Hypotheses

$H_0$10.1: There is no significant difference in the perception of investors on disclosure and transparency across age.

$H_0$10.2: There is no significant difference in the perception of investors on disclosure and transparency across educational qualification.

$H_0$10.3: There is no significant difference in the perception of investors on disclosure and transparency across occupation.

$H_0$10.4: There is no significant difference in the perception of investors on disclosure and transparency across investment experience.

i. Disclosure and Transparency Vs. Age Group

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Disclosure and Transparency' across age group. To test this hypothesis, one way ANOVA has been applied.

Table 5.41: Result of One Way ANOVA on Disclosure and Transparency Across Age Group

Age Group	N	Mean	Std. Deviation	df	F-value	Sig. value
25-35	195	3.55	.588	409	.853	.465
36-45	117	3.54	.484			
46-55	53	3.66	.424			
56 and above	45	3.50	.502			

Table 5.41 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different age groups indicates that the investors of all the age groups have more or less positive perception on disclosure

and transparency. It has been found that the mean score for perception on disclosure and transparency is highest (3.66) in the age group of '46-55' with standard deviation of .424. It can be observed from the table that the investors in the age group of '56 and above' have the lowest mean value of 3.50. Therefore, it can be said that the investors of age group '46-55' are having more positive perception on disclosure and transparency. Whereas, the investors of age group '56 and above' have least positive perception on disclosure and transparency.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Disclosure and Transparency' across age group. Table 5.41 shows that the df is 409, 'F' value is .853 and Sig. value is .465 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on disclosure and transparency across age group.

Hence, the hypothesis that *there is no significant difference in the perception of investors on disclosure and transparency across age group is accepted.*

ii. Disclosure and Transparency Vs. Educational Qualification

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Disclosure and Transparency' across educational qualification. To test this hypothesis, one way ANOVA has been applied.

Table 5.42: Result of One Way ANOVA on Disclosure and Transparency Across Educational Qualification

Educational Qualification	N	Mean	Std. Deviation	df	F-value	Sig. value
X^{th} or Below	38	3.63	.379	409	4.985	.002
Graduate	197	3.46	.626			
Post Graduate	116	3.64	.401			
Professional Qualification	59	3.70	.426			

Table 5.42 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across educational qualification indicates that the investors of all the educational background have more or less positive perception on disclosure and transparency. It has been found that the mean score for perception on disclosure and transparency is highest (3.70) among the investors who are professionally qualified with standard deviation of .426. It can be observed from the table that the investors who are graduates have the lowest mean value of 3.46. Therefore, it can be said that the investors who are professionally qualified are having more positive perception on disclosure and transparency. Whereas, the investors who are graduates have least positive perception on disclosure and transparency.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Disclosure and Transparency' across educational qualification. Table 5.42 shows that the df is 409, 'F' value is 4.985 and Sig. value is .002 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on disclosure and transparency across educational qualification.

Hence, the hypothesis that *there is no significant difference in the perception of investors on disclosure and transparency across educational qualification is rejected.*

iii. Disclosure and Transparency Vs. Occupation

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Disclosure and Transparency' across occupation. To test this hypothesis, one way ANOVA has been applied.

Table 5.43: Result of One Way ANOVA on Disclosure and Transparency Across Occupation

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Businessmen	114	3.55	.459	409	1.144	.331
Government Employee	72	3.66	.472			
Private Employee	166	3.53	.571			
Profession	58	3.52	.603			

Table 5.43 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across occupation indicates that the investors in all the occupation have more or less positive perception on disclosure and transparency. It has been found that the mean score for perception on disclosure and transparency is highest (3.66) among the investors who are government employees with standard deviation of .472. It can be observed from the table that the investors who are professionals have the lowest mean value of 3.52. Therefore, it can be said that the investors who are government employees are having more positive perception on disclosure and transparency. Whereas, the investors who are professionals have least positive perception on disclosure and transparency.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Disclosure and Transparency' across occupation. Table 5.43 shows that the df is 409, 'F' value is 1.144 and Sig. value is .331 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on disclosure and transparency across occupation.

Hence, the hypothesis that *there is no significant difference in the perception of investors on disclosure and transparency across occupation is accepted.*

iv. Disclosure and Transparency Vs. Investment Experience

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Disclosure and Transparency' across investment experience. To test this hypothesis, one way ANOVA has been applied.

Table 5.44: Result of One Way ANOVA on Disclosure and Transparency Across Investment Experience

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Less than 1 year	94	3.47	.595	409	3.095	.016
1-3 years	110	3.48	.581			
3-5 years	102	3.59	.422			
5-10 years	66	3.73	.420			
More than 10 years	38	3.62	.582			

Table 5.44 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across investment experience indicates that the investors having different investment experiences have more or less positive perception on disclosure and transparency. It has been found that the mean score for perception on disclosure and transparency is highest (3.73) among the investors who are having '5-10' years of investment experience. It can be observed from the above table that the investors who are having 'Less than 1 year' experience of investment have the lowest mean value of 3.47. Therefore, it can be said that the investors who are having investment experience of '5 to 10' years have more positive perception on disclosure and transparency. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on disclosure and transparency.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Disclosure and Transparency' across investment experience. Table 5.44 shows that the df is 409, 'F' value is 3.095 and Sig. value is .016 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on disclosure and transparency across investment experience.

Hence, the hypothesis that *there is no significant difference in the perception of investors on disclosure and transparency across investment experience is rejected.*

6. $H_0$11: There is no significant difference in the perception of investors on shareholder rights across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

Sub-Hypotheses

$H_0$11.1: There is no significant difference in the perception of investors on shareholder rights across age.

$H_0$11.2: There is no significant difference in the perception of investors on shareholder rights across educational qualification.

$H_0$11.3: There is no significant difference in the perception of investors on shareholder rights across occupation.

$H_0$11.4: There is no significant difference in the perception of investors on shareholder rights across investment experience.

i. Shareholder Rights Vs. Age Group

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Shareholder Rights' across age group. To test this hypothesis, one way ANOVA has been applied.

Table 5.45: Result of One Way ANOVA on Shareholder Rights Across Age Group

Age Group	N	Mean	Std. Deviation	df	F-value	Sig. value
25-35	195	3.61	.571	409	4.776	.003
36-45	117	3.74	.577			
46-55	53	3.92	.373			
56 and above	45	3.76	.523			

Table 5.45 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different age groups indicates that the investors of all the age groups have more or less positive perception on shareholder rights. It has been found that the mean score for perception on shareholder rights is highest (3.92) in the age group of '46-55' with standard deviation of .373. It can be observed from the above table that the investors in the age group of '25-35' have the lowest mean value of 3.61. Therefore, it can be said that the investors of age group '46-55' are having more positive perception on shareholder rights. Whereas, the investors of age group '25-35' have least positive perception on shareholder rights.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Shareholder Rights' across age group. Table 5.45 shows that the df is 409, 'F' value is 4.776 and Sig. value is .003

which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on shareholder rights across age group.

Hence, the hypothesis that *there is no significant difference in the perception of investors on shareholder rights across age group is rejected.*

ii. Shareholder Rights Vs. Educational Qualification

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Shareholder Rights' across educational qualification. To test this hypothesis, one way ANOVA has been applied.

Table 5.46: Result of One Way ANOVA on Shareholder Rights Across Educational Qualification

Educational Qualification	N	Mean	Std. Deviation	df	F-value	Sig. value
X^{th} or Below	38	3.67	.442	409	9.804	.000
Graduate	197	3.56	.626			
Post Graduate	116	3.83	.445			
Professional Qualification	59	3.92	.419			

Table 5.46 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across educational qualification indicates that the investors of all the educational background have more or less positive perception on shareholder rights. It has been found that the mean score for perception on shareholder rights is highest (3.92) among the investors who are professionally qualified with standard deviation of .419. It can be observed from the above table that the investors who are graduates have the lowest mean value of 3.56. Therefore, it can be said that the investors who are professionally qualified are having more positive perception on shareholder rights. Whereas, the investors who are graduates have least positive perception on shareholder rights.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Shareholder Rights' across educational qualification. Table 5.46 shows that the df is 409, 'F' value is 9.804 and

Sig. value is .000 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on shareholder rights across educational qualification.

Hence, the hypothesis that *there is no significant difference in the perception of investors on shareholder rights across educational qualification is rejected.*

iii. Shareholder Rights Vs. Occupation

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Shareholder Rights' across occupation. To test this hypothesis, one way ANOVA has been applied.

Table 5.47: Result of One Way ANOVA on Shareholder Rights Across Occupation

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Businessmen	114	3.71	.465	409	4.550	.004
Government Employee	72	3.91	.493			
Private Employee	166	3.62	.596			
Profession	58	3.68	.608			

Table 5.47 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across occupation indicates that the investors in all the occupation have more or less positive perception on shareholder rights. It has been found that the mean score for perception on shareholder rights is highest (3.91) among the investors who are government employees with standard deviation of .493. It can be observed from the above table that the investors who are private employees have the lowest mean value of 3.62. Therefore, it can be said that the investors who are government employees are having more positive perception on shareholder rights. Whereas, the investors who are private employees have least positive perception on shareholder rights.

Analysis of Variance (ANOVA) was performed to test the statistical difference in the perception of investors towards 'Shareholder Rights' across occupation. Table 5.47 shows that the df is 409, 'F' value is 4.550 and Sig. value is .004 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on shareholder rights across occupation.

Hence, the hypothesis that *there is no significant difference in the perception of investors on shareholder rights across occupation is rejected.*

iv. Shareholder Rights Vs. Investment Experience

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Shareholder Rights' across investment experience. To test this hypothesis, one way ANOVA has been applied.

Table 5.48: Result of One Way ANOVA on Shareholder Rights Across Investment Experience

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Less than 1 year	94	3.58	.590	409	5.178	.000
1-3 years	110	3.59	.633			
3-5 years	102	3.78	.487			
5-10 years	66	3.90	.404			
More than 10 years	38	3.74	.484			

Table 5.48 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across investment experience indicates that the investors having different investment experiences have more or less positive perception on shareholder rights. It has been found that the mean score for perception on shareholder rights is highest (3.90) among the investors who are having '5-10' years of investment experience. It can be observed from the table that the investors who are having 'Less than 1 year' experience of investment have the lowest mean value of 3.58. Therefore, it can be said that the investors who are having investment experience of '5 to 10 years' have more positive perception on shareholder rights. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on shareholder rights.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Shareholder Rights' across investment experience. Table 5.48 shows that the df is 409, 'F' value is 5.178 and Sig. value is .000 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on shareholder rights across investment experience.

Hence, the hypothesis that *there is no significant difference in the perception of investors on shareholder rights across investment experience is rejected.*

7. $H_0$12: There is no significant difference in the perception of investors on corporate governance effectiveness across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.

Sub-Hypotheses

$H_0$12.1: There is no significant difference in the perception of investors on corporate governance effectiveness across age.

$H_0$12.2: There is no significant difference in the perception of investors on corporate governance effectiveness across educational qualification.

$H_0$12.3: There is no significant difference in the perception of investors on corporate governance effectiveness across occupation.

$H_0$12.4: There is no significant difference in the perception of investors on corporate governance effectiveness across investment experience.

i. Corporate Governance Effectiveness Vs. Age Group

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Corporate Governance Effectiveness' across age group. To test this hypothesis, one way ANOVA has been applied.

Table 5.49: Result of One Way ANOVA on Corporate Governance Effectiveness Across Age Group

Age Group	N	Mean	Std. Deviation	df	F-value	Sig. value
25-35	195	3.44	.630	409	.693	.557
36-45	117	3.43	.447			
46-55	53	3.55	.527			
56 and above	45	3.44	.502			

Table 5.49 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across the different age groups indicates that the investors of all the age groups have more or less positive perception on corporate governance effectiveness. It has been found that the mean score for perception on corporate governance effectiveness is highest (3.55) in the age group of '46-55' with standard deviation of .527. It can be observed from the table that the investors in the age group of '36-45' have the lowest mean value of 3.43. Therefore, it can be said that the investors of age group '46-55' are having more positive perception on corporate governance effectiveness. Whereas, the investors of age group '36-45' have least positive perception on corporate governance effectiveness.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Corporate Governance Effectiveness' across age group. Table 5.49 shows that the df is 409, 'F' value is .693 and Sig. value is .557 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on corporate governance effectiveness across age group.

Hence, the hypothesis that *there is no significant difference in the perception of investors on corporate governance effectiveness across age group is accepted.*

ii. Corporate Governance Effectiveness Vs. Educational Qualification

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Corporate Governance Effectiveness' across educational qualification. To test this hypothesis, one way ANOVA has been applied.

Table 5.50: Result of One Way ANOVA on Corporate Governance Effectiveness Across Educational Qualification

Educational Qualification	N	Mean	Std. Deviation	df	F-value	Sig. value
X^{th} or Below	38	3.48	.368	409	4.904	.002
Graduate	197	3.36	.598			
Post Graduate	116	3.47	.489			
Professional Qualification	59	3.67	.575			

Table 5.50 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across educational qualification indicates that the investors of all the educational background have more or less positive perception on corporate governance effectiveness. It has been found that the mean score for perception on corporate governance effectiveness is highest (3.67) among the investors who are professionally qualified with standard deviation of .575. It can be observed from the table that the investors who are graduates have the lowest mean value of 3.36. Therefore, it can be said that the investors who are professionally qualified are having more positive perception on corporate governance effectiveness. Whereas, the investors who are graduates have least positive perception on corporate governance effectiveness.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Corporate Governance Effectiveness' across educational qualification. Table 5.50 shows that the df is 409, 'F' value is 4.904 and Sig. value is .002 which is less than .05 (5% significance level). This indicates that there is a significant difference in the perception of investors on corporate governance effectiveness across educational qualification.

Hence, the hypothesis that *there is no significant difference in the perception of investors on corporate governance effectiveness across educational qualification is rejected.*

iii. Corporate Governance Effectiveness Vs. Occupation

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Corporate Governance Effectiveness' across occupation. To test this hypothesis, one way ANOVA has been applied.

Table 5.51: Result of One Way ANOVA on Corporate Governance Effectiveness Across Occupation

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Businessmen	114	3.42	.392	409	1.299	.275
Government Employee	72	3.57	.508			
Private Employee	166	3.42	.658			
Profession	58	3.43	.563			

Table 5.51 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across occupation indicates that the investors in all the occupation have more or less positive perception on corporate governance effectiveness. It has been found that the mean score for perception on corporate governance effectiveness is highest (3.57) among the investors who are government employees with standard deviation of .508. It can be observed from the table that the investors who are businessmen and private employees have the lowest mean value of 3.42. Therefore, it can be said that the investors who are government employees are having more positive perception on corporate governance effectiveness. Whereas, the investors who are businessmen and private employees have least positive perception on corporate governance effectiveness.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Corporate Governance Effectiveness' across occupation. Table 5.51 shows that the df is 409, 'F' value is 1.299 and Sig. value is .275 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on corporate governance effectiveness across occupation.

Hence, the hypothesis that *there is no significant difference in the perception of investors on corporate governance effectiveness across occupation is accepted.*

iv. Corporate Governance Effectiveness Vs. Investment Experience

The hypothesis seeks to test whether there is any significant difference in the perception of investors on 'Corporate Governance Effectiveness' across investment experience. To test this hypothesis, one way ANOVA has been applied.

Table 5.52: Result of One Way ANOVA on Corporate Governance Effectiveness Across Investment Experience

Occupation	N	Mean	Std. Deviation	df	F-value	Sig. value
Less than 1 year	94	3.39	.657	409	.541	.706
1-3 years	110	3.44	.610			
3-5 years	102	3.47	.397			
5-10 years	66	3.45	.526			
More than 10 years	38	3.54	.542			

Table 5.52 shows the descriptive statistics as well as the result of hypothesis testing. The distribution of mean scores across investment experience indicates that the investors having different investment experiences have more or less positive perception on corporate governance effectiveness. It has been found that the mean score for perception on corporate governance effectiveness is highest (3.54) among the investors who are having 'More than 10 years' of investment experience. It can be observed from the above table that the investors who are having 'Less than 1 year' experience of investment have the lowest mean value of 3.39. Therefore, it can be said that the investors who are having investment experience of 'More than 10 years' have more positive perception on corporate governance effectiveness. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on corporate governance effectiveness.

Analysis of Variance (ANOVA) has been applied to test the statistical difference in the perception of investors towards 'Corporate Governance Effectiveness' across investment experience. Table 5.52 shows that the df is 409, 'F' value is .541 and Sig. value is .706 which is more than .05 (5% significance level). This indicates that there is no significant difference in the perception of investors on corporate governance effectiveness across investment experience.

Hence, the hypothesis that *there is no significant difference in the perception of investors on corporate governance effectiveness across investment experience is accepted.*

8. $H_0$13: There is no significant impact of investors' perception towards corporate governance practices followed by the companies on their investment pattern.

Sub-Hypotheses

$H_0$13.1: There is no significant impact of investor's perception towards discipline on their investment pattern.

$H_0$13.2: There is no significant impact of investor's perception towards disclosure and transparency on their investment pattern.

$H_0$13.3: There is no significant impact of investor's perception towards shareholder rights on their investment pattern.

$H_0$13.4: There is no significant impact of investor's perception towards corporate governance effectiveness on their investment pattern.

Descriptive Statistics

Table 5.53 summarizes the descriptive statistical data for independent and dependent variables. The mean of dependent variable i.e., Investment Pattern is 3.52. The mean of dependent variables i.e., discipline, disclosure and transparency, shareholder rights and corporate governance effectiveness are 3.45, 3.56, 3.71 and 3.45 respectively. The values of standard deviation for all the variables are also presented for statistical inferences.

Table 5.53: Descriptive Statistics - Perception Variables and Investment Pattern

Variables	N	Mean	Standard Deviation
Investment Pattern	410	3.52	.460
Discipline	410	3.45	.565
Disclosure and Transparency	410	3.56	.531
Shareholder Rights	410	3.71	.554
Corporate Governance Effectiveness	410	3.45	.556

Correlation Analysis

Table 5.54: Correlation Matrix – Perception Variables and Investment Pattern

		Investment Pattern	Discipline	Disclosure & Transparency	Shareholder Rights	Corporate Governance Effectiveness
Investment Pattern	Pearson Correlation	1				
	Sig. (2-tailed)					
Discipline	Pearson Correlation	.601**	1			
	Sig. (2-tailed)	.000				
Disclosure & Transparency	Pearson Correlation	.433**	.592**	1		
	Sig. (2-tailed)	.000	.000			
Shareholder Rights	Pearson Correlation	.484**	.611**	.677**	1	
	Sig. (2-tailed)	.000	.000	.000		
Corporate Governance Effectiveness	Pearson Correlation	.530**	.635**	.520**	.457**	
	Sig. (2-tailed)	.000	.000	.000	.000	1

**. Correlation is significant at the .01 level (2-tailed).

It can be seen from the Table 5.54 that all the variables under the study have positive and significant relationship with each other.

To test the hypotheses, the multiple regression analysis technique has been applied. Prior to testing the hypotheses, the data was evaluated for multicollinearity and autocorrelation.

Test for Existence of Multicollinearity between Independent Variables

The presence of multicollinearity among the independent variables may affect the overall regression results and may lead to wrong estimations. The VIF values in Table 5.57 give assurance that the regression model is free from the multicollinearity problem as all the VIF values are less than 10 for all of the explanatory variables. Hence it provides strong evidence that multicollinearity is not a problem for the regression model.

Test for Existence of Autocorrelation

The Durbin-Watson statistic is used to test the presence of autocorrelation in the regression model. The value of the Durbin-Watson statistic less than one or greater than three is not acceptable. Table 5.55 shows a Durbin – Watson statistic of 1.430 which is in acceptable range.

Regression Analysis

Table 5.55 shows the summary of regression model and provides the value of R, R^2 and Adjusted R^2. R has the value of .643 which shows correlaiion between investors' perception towards corporate governance and their investment pattern. The value of R square is .414. The value of Adjusted R square is .408, which shows that 40.8% of the variation in investment pattern is accounted by the independent variables. It means that 59.2% of the variation in dependent variable is due to other variables that have not been considered in this model. Therefore, there are some other variables also that have an influence on investment pattern of investors.

Table 5.55: Model Summary of Perception Vs. Investment Pattern

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.643[a]	.414	.408	.354	1.430

a. Predictors: (Constant), Corporate Governance Effectiveness, Shareholder Rights, Disclosure and Transparency, Discipline
Dependent Variable: Investment Pattern

Table 5.56 of ANOVA assesses the overall significance of the model. The F value is 71.535 and sig. value is .000 which is less than .05 (at 95% confidence interval). This indicates that the model is statistically significant and a fit model.

Table 5.56: ANOVA of Perception Vs. Investment Pattern

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.923	4	8.981	71.535	.000[a]
	Residual	50.845	405	.126		
	Total	86.769	409			

a. Predictors: (Constant), Corporate Governance Effectiveness, Shareholder Rights, Disclosure and Transparency, Discipline
Dependent Variable: Investment Pattern

Table 5.57 below represents the coefficients of the regression model. The b-values represent the relationship between the investment pattern and each predictor. "If the value is positive then there is a positive relationship between the predictor and the outcome, whereas a negative coefficient represents a negative relationship" (Field, 2009). Table 5.56 shows that discipline, shareholder rights and corporate governance effectiveness bear positive b-values, which indicates positive relationship of these variables with investment pattern. On the other hand, disclosure and transparency have negative relationship with investment pattern.

The regression equation of this model is:

$$\text{Investment Pattern} = b_0 + b_1\,(\text{Discipline}) + b_2\,(\text{Disclosure \& Transparency}) + b_3\,(\text{Shareholder Rights}) + b_4\,(\text{Corporate Governance Effectiveness}) + e$$

Table 5.57: Coefficients of Perception Vs. Investment Pattern

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
		B	Std. Error	Beta			
1	Discipline	.292	.046	.358	6.326	.000	2.213
	Disclosure and Transparency	-.012	.048	-.013	-.241	.810	2.124
	Shareholder Rights	.139	.046	.167	3.028	.003	2.113
	Corporate Governance Effectiveness	.193	.042	.233	4.613	.000	1.770

In the case of discipline, it is evident from the above table that the beta value is .358 and sig. value is .000 which is significant at 5 percent level of significance as the value is less than .05. It implies that the investors' perception towards discipline has positive and significant impact on investment pattern. Hence the hypothesis that *there is no significant impact of investor's perception towards discipline on their investment pattern is rejected.*

In the case of disclosure and transparency, the beta value is -.013 and the sig. value is .810 which is insignificant at 5 percent level of significance as the value is more than .05. It implies that the investors' perception towards disclosure and transparency has negative and insignificant impact on investment pattern. Hence the hypothesis that *there is no significant impact of investor's perception towards disclosure and transparency on their investment pattern is accepted.*

In the case of shareholder rights, the beta value is .167 and sig. value is .003 which is significant at 5 percent level of significance as the value is less than .05. It implies that the investors' perception towards shareholder rights has positive and significant impact on investment pattern. Hence the hypothesis that *there is no significant impact of investor's perception towards shareholder rights on their investment pattern is rejected.*

In the case of corporate governance effectiveness, the beta value is .233 and sig. value is .000 which is significant at 5 percent level of significance as the value is less than .05. It implies that the investors' perception towards corporate governance effectiveness has positive and significant impact on investment pattern. Hence the hypothesis that *there is no significant impact of investor's perception towards corporate governance effectiveness on their investment pattern is rejected.*

5.13 Summary of Hypotheses Testing of Primary Data Analysis

The Table 5.58 exhibits the significance value for each hypothesis, which serves as a basis for decision making for acceptance or rejection of hypotheses.

Table 5.58: Summary of Hypotheses Testing of Primary Data Analysis

S. No.		Hypotheses	Sig. Value	Results
1.		**$H_0$6: There is no significant difference in the awareness of the concept of corporate governance among the investors of different companies.**	.314	**Accepted**
2.		**$H_0$7: There is no significant difference in the awareness of the concept of corporate governance across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.**		
	i	There is no significant difference in the awareness of the concept of corporate governance across investors' age.	.037	**Rejected**
	Ii	There is no significant difference in the awareness of the concept of corporate governance across investors' educational qualification.	.001	**Rejected**
	Iii	There is no significant difference in the awareness of the concept of corporate governance across investors' occupation.	.038	**Rejected**
	iv	There is no significant difference in the awareness of the concept of corporate governance across investors' investment experience.	.003	**Rejected**
3.		**$H_0$8: There is no significant difference in the perception of investors towards corporate governance practices across different companies.**		
	i	There is no significant difference in the perception of investors on discipline across different companies.	.038	**Rejected**
	ii	There is no significant difference in the perception of investors on disclosure and transparency across different companies.	.136	**Accepted**
	iii	There is no significant difference in the perception of investors on shareholder rights across different companies.	.005	**Rejected**

	iv	There is no significant difference in the perception of investors on corporate governance effectiveness across different companies.	.180	**Accepted**
4.	**H_09: There is no significant difference in the perception of investors on discipline across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.**			
	i	There is no significant difference in the perception of investors on discipline across age.	.232	**Accepted**
	ii	There is no significant difference in the perception of investors on discipline across educational qualification.	.002	**Rejected**
	iii	There is no significant difference in the perception of investors on discipline across occupation.	.510	**Accepted**
	iv	There is no significant difference in the perception of investors on discipline across investment experience.	.019	**Rejected**
5.	**H_010: There is no significant difference in the perception of investors on disclosure and transparency across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.**			
	i	There is no significant difference in the perception of investors on disclosure and transparency across age.	.465	**Accepted**
	ii	There is no significant difference in the perception of investors on disclosure and transparency across educational qualification.	.002	**Rejected**
	iii	There is no significant difference in the perception of investors on disclosure and transparency across occupation.	.331	**Accepted**
	iv	There is no significant difference in the perception of investors on disclosure and transparency across investment experience.	.016	**Rejected**

6.	**$H_0 11$: There is no significant difference in the perception of investors on shareholder rights across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.**			
	i	There is no significant difference in the perception of investors on shareholder rights across age.	.003	**Rejected**
	ii	There is no significant difference in the perception of investors on shareholder rights across educational qualification.	.000	**Rejected**
	iii	There is no significant difference in the perception of investors on shareholder rights across occupation.	.004	**Rejected**
	iv	There is no significant difference in the perception of investors on shareholder rights across investment experience.	.000	**Rejected**
7.	**$H_0 12$: There is no significant difference in the perception of investors on corporate governance effectiveness across the investors' demographic characteristics such as age, educational qualification, occupation and investment experience.**			
	i	There is no significant difference in the perception of investors on corporate governance effectiveness across age.	.557	**Accepted**
	ii	There is no significant difference in the perception of investors on corporate governance effectiveness across educational qualification.	.002	**Rejected**
	iii	There is no significant difference in the perception of investors on corporate governance effectiveness across occupation.	.275	**Accepted**
	iv	There is no significant difference in the perception of investors on corporate governance effectiveness across investment experience.	.706	**Accepted**

8.	**$H_0$13: There is no significant impact of investors' perception towards corporate governance practices followed by the companies on their investment pattern.**			
	i	There is no significant impact of investor's perception towards discipline on their investment pattern.	.000	**Rejected**
	ii	There is no significant impact of investor's perception towards disclosure and transparency on their investment pattern.	.810	**Accepted**
	iii	There is no significant impact of investor's perception towards shareholder rights on their investment pattern.	.003	**Rejected**
	iv	There is no significant impact of investor's perception towards corporate governance effectiveness on their investment pattern.	.000	**Rejected**

This section studied the perception of investors about the corporate governance practices prevalent in the selected Indian companies. It present the results of the analysis of the survey conducted through structured questionnaire administered on a sample of investors of the five selected companies who are living in Delhi and NCR region. The study ascertained through data analysis the awareness and the perceptions on corporate governance among the investors of selected companies and across the demographic characteristics. Moreover, the study analyzes to find out the impact of perception of investors towards corporate governance on their investment pattern. The data has been analyzed with SPSS 19.0 software by applying one way ANOVA and multiple regression analysis technique. There were eight hypotheses out of which except first hypothesis, all the remaining hypotheses were sub-divided into four sub-hypotheses. On the basis of result of primary data analysis, it was observed that some hypotheses were accepted and some were rejected. The results of the study indicates that the awareness of the concept of corporate governance is moderate among of investors of different companies and across different demographic characteristics. Further, the perception of investors towards corporate governance practices followed by the companies is found to be positive. Moreover, investors' perception towards corporate governance variables i.e., discipline, shareholder rights, and corporate governance effectiveness found to have a positive and significant impact on their investment pattern. Whereas, the variable 'disclosure and transparency' has negative and insignificant impact on the investment pattern of the respondents.

On the basis of the findings emerging from the testing of hypotheses through data analysis in Section-I and II of this chapter, the next chapter compiles the overall conclusions evident from this study with regard to corporate governance in Indian companies and its impact on various aspects of companies operations and administration as well as on investors' perception and pattern of investment.

References

Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: An International Review, 14*(2), 107–125. doi:10.1111/j.1467-8683.2006.00491.x

Brooks, C. (2008). *Introductory econometrics for finance.* New York: Cambridge University Press.

Cronbach, L.J. (1971). Test Validation. In R.L. Thorndike (Ed.), *Educational measurement* (pp. 443-507). Washington, D.C.: American Council on Education.

Field, A. (2009). *Discovering statistics using SPSS.* New Delhi, India: Sage Publications India Pvt. Ltd.

Malhotra, N. K., & Dash, S. (2011). *Marketing Research: An Applied Orientation.* New Delhi, India: Pearson Publication.

Mutawaa, A. A., & Hewaidy, A. M. (2010). Disclosure level and compliance with IFRSs: An empirical investigation of Kuwaiti companies. *The International Business & Economics Research Journal, 9*(5), 33-49.

Nunnally, J. C. (1978). *Psychometric theory.* New York: McGraw-Hill.

Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2012). *Business research methods.* USA: Cengage Learning.

Chapter-6

CONCLUSION AND SUGGESTIONS

CHAPTER - 6

CONCLUSION AND SUGGESTIONS

6.1 Introduction

The present chapter is the conspectus which represents the findings of the entire study followed by conclusions derived from the extensive study of the literature, analysis and the interpretation of facts and figures, primary survey and the detailed discussion of the subject matter carried out throughout the study. The chapter also contains the suggestions based on the results of hypotheses testing and the observations made during the course of this study. Finally the chapter concludes laying the direction for future research.

Across the globe, corporate governance has succeeded in attracting a good deal of public interest, which ultimately leads to recommended codes of best practices, conceptual models, and empirical studies. Corporate governance is one of the most important aspect that has an impact on the profitability, growth and even sustainability of the business. Imperative today is the good corporate governance in order to increase the investment attractiveness for the companies and now it has become one of the main requirements demanded by investors, creditors, and state regulatory authorities. Almost each and every country has institutionalized a set of corporate governance codes and the code is supposed to be enforced through the listing agreement with exchanges. In India, based on the recommendations of Kumar Mangalam Birla Committee, SEBI introduced a new Clause 49 which was incorporated in the Listing Agreement of the Stock Exchange. The introduction and adoption of Clause 49 has been a major milestone in the evolution of corporate governance in India. SEBI revised the Clause 49 in the year 2004 which came into effect from January 1, 2006. The enactment of Companies Act, 2013 on August 30, 2013, resulted in a major overhaul in the corporate governance norms for all companies. SEBI revised the provisions of the Listing agreement with the objective to align it with the provisions of the Companies Act, 2013. The revised Clause 49 now would be applicable to all the listed companies with effect from October 1, 2014. The compliance with these corporate governance provisions ultimately confers many benefits to the corporate sector such as stability and growth of enterprise, reducing the perceived risks, building up of confidence, competitive advantage in the markets, promoting long term relationships with various stakeholders, etc.

6.2 Summary of Findings

The summary of the findings of the study is presented in three sections. Section 6.2.1 below presents the summary of findings of corporate governance practices of selected companies for each financial year of the period set for this study starting from 2005-06 to 2013-14. The companies' corporate governance practices are measured in terms of corporate governance score. Section 6.2.2 summarizes the findings of the secondary data analysis. The hypotheses testing of the impact of corporate governance score on the financial performance of the companies is reported in this Section. Section 6.2.3 consolidates the findings of the primary data analysis. It aims at studying the awareness of the investors regarding the concept of corporate governance, investor's perception on corporate governance and the impact of investor's perception on their investment pattern. It presents the findings of the descriptive statistics and the hypotheses testing.

6.2.1 Findings of Corporate Governance Practices of Selected Companies Year-wise (2006-13)

1. During the year 2005-06, Infosys Ltd. has 'Excellent' corporate governance practices and stood at the top among the sampled companies. Moreover, Infosys Ltd. score at 89 is above the companies' average score of 73.4 points. ITC Ltd. ranked second with 77 scores and stood above the average score. TCS Ltd., Reliance Industries Ltd. and ONGC Ltd. stood at third, fourth and fifth positions respectively with 'Good' corporate governance practices during the year. However, the Corporate Governance Score (CGS) of TCS Ltd., Reliance Industries Ltd. and ONGC Ltd. are below the average score.

2. Infosys Ltd. observed 'Excellent' corporate governance practices during the year 2006-07 and stood at the top among the sampled companies. Moreover, Infosys Ltd. CGS at 90 is above the companies' average score of 77.4 points. ITC Ltd. ranked second with 79 scores and stood above the average CGS. ONGC Ltd. and Reliance Industries Ltd. stood at third and fourth positions respectively with 'Very

Good' corporate governance practices during the year, whereas TCS Ltd. stood at fifth position with 'Good' corporate governance practices during the year. However, TCS Ltd., ONGC Ltd. and Reliance Industries Ltd. have CGS below the average score.

3. After evaluating CGS during 2007-08, Infosys Ltd. stood at the top among the sampled companies with 'Excellent' corporate governance practices. Its score at 88 is above the companies' average score of 77.6 points. ITC Ltd. has secured second position with 79 scores and stood above the average CGS. ONGC Ltd. and RIL stood at third and fourth positions respectively with 'Very Good' corporate governance practices during the year, whereas TCS Ltd. stood at fifth position with 70 corporate governance score. However, TCS Ltd. and Reliance Industries Ltd. have CGS below the average score.

4. The CGS of 2008-09 rated Infosys Ltd. as 'Excellent' in corporate governance practices and maintained the company's position at the top among the sampled companies. Moreover, Infosys Ltd. score at 89 is above the companies' average score of 79.4 points. ONGC Ltd. ranked second position with 82 scores and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

5. Infosys Ltd. has 'Excellent' corporate governance practices during the year 2009-10 and maintained the top position among the sampled companies. Infosys Ltd. score is above the companies' average score of 80.2 points. ONGC Ltd. has secured second position with 84 scores and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., RIL and TCS Ltd. have CGS below the average score.

6. During the year 2010-11, Infosys Ltd. has 'Excellent' corporate governance practices and stood at the top among the sampled companies. Infosys Ltd. score at 88 is above the companies' average score of 80 points. ONGC Ltd. has hold

second position with 84 scores and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., RIL and TCS Ltd. have CGS below the average score.

7. In 2011-12, Infosys Ltd. with 'Excellent' corporate governance practices is at the top among the sampled companies as its score of 86 is above the companies' average score of 79.4. ONGC Ltd. has secured second position with 84 scores and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. stood at third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

8. Infosys Ltd. and ONGC Ltd. rated 'Excellent' in corporate governance practices in 2012-13. Infosys Ltd. achieved top position with 87 scores among the sampled companies. Its score is above the companies' average score of 80.2. ONGC Ltd. has secured second position with 86 scores and stood above the average CGS. ITC Ltd., RIL, and TCS Ltd. stood at second, third and fourth positions respectively with 'Very Good' corporate governance practices during the year. However, RIL and TCS Ltd. have CGS below the average score.

9. During the year 2013-14, Infosys Ltd. and ONGC Ltd. with 'Excellent' corporate governance practices are at the top among the sampled companies. The score of Infosys Ltd. maintained its position at the top and the company's CGS is above the average score of 81.4. ONGC Ltd. has scored second position with 86 points and stood above the average CGS. ITC Ltd., Reliance Industries Ltd., and TCS Ltd. occupied third, fourth and fifth positions respectively with 'Very Good' corporate governance practices during the year. However, ITC Ltd., Reliance Industries Ltd. and TCS Ltd. have CGS below the average score.

6.2.2 Findings from Analysis of Impact of Corporate Governance Score on Financial Performance of Selected Indian Companies

1. In case of TCS Ltd., it has been found that the corporate governance practice have positive and significant impact on Tobin's Q of the company. The corporate

governance practice does not have an impact on accounting performance (ROA) of the company. Further, the regression results revealed that firm size and asset tangibility have negative but significant impact on company's financial performance. Whereas, sales growth has no significant impact on ROA and Tobin's Q of TCS Ltd.

2. In case of ONGC Ltd., it has been observed that corporate governance practice have positive and significant impact on Return on Assets and Tobin's Q of the company. Moreover, firm size and asset tangibility found to have negative but significant impact on financial performance. Whereas, sales growth has positively impacted the company's performance.

3. The findings of the study revealed that the corporate governance practice of Reliance Industries Ltd. has positive impact on the financial performance. However, the impact is significant with market based measure, Tobin's Q but found to be insignificant with ROA. Further, firm size is found to have negative but significant impact on financial performance. Sales growth has no impact on ROA and Tobin's Q of the company, but asset tangibility found to have negative and significant impact on only in case of Tobin's Q.

4. The regression results indicated that in case of ITC Ltd., the corporate governance practice has negative and insignificant impact on financial performance of the company. The control variable, firm size has positively and significantly impacted the firm performance. Sales growth and asset tangibility does not have an impact on ROA and Tobin's of ITC Ltd.

5. In case of Infosys Ltd., corporate governance practice has positive but insignificant impact on Return on Assets and Tobin's Q. The control variables used in the study viz., firm size, sales growth and asset tangibility found to have no impact on firm's financial performance.

6.2.3 Findings from Primary Data Analysis

Findings based on Descriptive Statistics

It is observed that majority of the investor-respondents of the five sampled companies belongs to the age group of 25 to 35 years. The respondents belonging to 36 to 45 years, 46 to 55 years and above 56 age group are 28.5%, 12.9% and 11% respectively. In terms of educational qualification, majority of respondents (48%) are graduates and only 9.3% of respondents have studied up to X^{th} or below. Whereas, 28.3% investors possess post-graduation and 14.4% have professional qualification. In the survey, majority (40.5%) of the respondents are found to be private employees followed by 27.8% of investors to be businessmen. Besides, 17.6% of the investors are government employees, and 14.1% of the investors are professionals. It is also found that 26.8% of investors' have 1 to 3 years of experience in investing, whereas 22.9% of investors have less than 1 year experience, 16.1% respondents have 5 to 10 years of experience and 9.3% respondents have more than 5 years of experience in making investments.

Findings from Hypotheses Testing

1. No significant difference is found to exist in the awareness of the concept of corporate governance among the investors of different companies. Further, it is observed that the investors are more or less aware about the concept of corporate governance. However, the investors of 'Infosys' are more aware and the investors of 'ONGC Ltd.' are least aware of the concept of corporate governance.

2. The results of one way ANOVA confirmed the existence of significant difference in the awareness of the concept of corporate governance among the investors across different age groups, educational qualification, occupation, and investment experience. Investors of age group '46-55' are more aware and the investors of age group '25-35' are the least aware of the concept of corporate governance. In terms of educational qualification, the investors who are professionally qualified are more aware and the investors who are graduates are least aware of the concept of corporate governance. Moreover, the investors who are government employees are more aware than the investors who are private employees with least awareness

of the concept of corporate governance. With regard to investment experience, the investors who are having 'More than 10 years' of investment experience are more aware and the investors who are having 'Less than 1 year' of investment experience are least aware of the concept of corporate governance.

3. It has been found that there is a significant difference in the perception of investors on 'Discipline' across different companies. The investors of all the companies have more or less positive perception on discipline. Further, it is observed that the investors of 'Infosys Ltd.' comparatively to other companies have more positive perception on discipline. Whereas, the investors of 'ONGC Ltd.' have least positive perception on discipline as compared to other companies.

4. No significant difference is found in the perception of investors on 'Disclosure and Transparency' across different companies. The investors of all the companies have more or less positive perception on disclosure and transparency. Further, it is observed that the investors of 'Infosys Ltd.' comparatively to other companies are having more positive perception on disclosure and transparency. Whereas, the investors of 'ONGC Ltd.' have least positive perception compared to other companies on disclosure and transparency.

5. The results show significant difference in the perception of investors on 'Shareholder Rights' across different companies. The investors of all the companies have more or less positive perception on shareholder rights. Further, it is observed that the investors of 'ITC Ltd.' comparatively to other companies are having more positive perception on shareholder rights. Whereas, the investors of 'ONGC Ltd.' have least positive perception compared to other companies on shareholder rights.

6. No significant difference has been found in the perception of investors on 'Corporate Governance Effectiveness' across different companies. The investors of all the companies have more or less positive perception on corporate governance effectiveness. Further, it is observed that the investors of 'Infosys Ltd.' comparatively to other companies are having more positive perception on corporate governance effectiveness. Whereas, the investors of 'ONGC Ltd.' have

least positive perception compared to other companies regarding the perception on corporate governance effectiveness.

7. From the results, it is evident that age group creates statistically no significant difference in the perception of investors on 'Discipline'. Further from the descriptive statistics, it is found that the investors of age group '46-55' are having more positive perception on discipline. Whereas, the investors of age group '46-55' have least positive perception on discipline.

8. From the analysis, a significant difference is found in the perception of investors on 'Discipline' across educational qualification. Moreover, from the descriptive statistics, it has been found that investors who are professionally qualified are having more positive perception on discipline. Whereas, the investors who are graduates have least positive perception on discipline.

9. It has been found that occupation of investors makes statistically no significant difference in the perception of investors on 'Discipline'. It is also observed that the investors who are professionals are having more positive perception on discipline. Whereas, the investors who are private employees have least positive perception on discipline.

10. The results reveal that the investment experience of investors creates statistically a significant difference in the perception of investors on 'Discipline'. Besides, from the descriptive statistics, it is also found that the investors who are having investment experience of 'More than 10 years' have more positive perception on discipline. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on discipline.

11. It is found that age group of investors makes statistically no significant difference in the perception of investors on 'Disclosure and Transparency'. Further from the descriptive statistics, it is also found that the investors of age group '46-55' are having more positive perception on disclosure and transparency. Whereas, the investors of age group '56 and above' have least positive perception on disclosure and transparency.

12. The results of hypothesis testing indicates that educational qualification of investors creates statistically a significant difference in the perception of investors on 'Disclosure and Transparency'. Besides from the descriptive statistics, it is found that the investors who are professionally qualified are having more positive perception on disclosure and transparency. Whereas, the investors who are graduates have least positive perception on disclosure and transparency.

13. It is found that occupation of investors makes statistically no significant difference in the perception of investors on 'Disclosure and Transparency'. It is also found that the investors who are government employees are having more positive perception on disclosure and transparency. Whereas, the investors who are professionals have least positive perception on disclosure and transparency.

14. The analysis highlights that investment experience of investors creates statistically a significant difference in the perception of investors on 'Disclosure and Transparency'. From the descriptive statistics, it is found that the investors who are having investment experience of 5 to 10 years have more positive perception on disclosure and transparency. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on disclosure and transparency.

15. The age group of investors makes statistically a significant difference in the perception of investors on 'Shareholder Rights'. Besides from the descriptive statistics, it has been found that the investors of age group '46-55' are having more positive perception on shareholder rights. Whereas, the investors of age group '25-35' have least positive perception on shareholder rights.

16. It has been found that educational qualification of investors creates statistically a significant difference in the perception of investors on 'Shareholder Rights'. Besides from the descriptive statistics, it is also found that the investors who are professionally qualified are having more positive perception on shareholder rights. Whereas, the investors who are graduates have least positive perception on shareholder rights.

17. The results showed that occupation of investors makes statistically a significant difference in the perception of investors on 'Shareholder Rights'. It is found from the descriptive analysis that the investors who are government employees are having more positive perception on shareholder rights. Whereas, the investors who are private employees have least positive perception on shareholder rights.

18. From the analysis it is revealed that investment experience of investors creates statistically a significant difference in the perception of investors on 'Shareholder Rights'. Further from the descriptive statistics, it is found that the investors who are having investment experience of '5 to 10 years' have more positive perception on shareholder rights. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on shareholder rights.

19. The results of the analysis indicates that there is no significant difference in the perception of investors on 'Corporate Governance Effectiveness' across age group, occupation, and investment experience. The investors of age group '46-55' are having more positive perception on corporate governance effectiveness. Whereas, the investors of age group '36-45' have least positive perception on corporate governance effectiveness. Further, the analysis indicates that the investors who are government employees are having more positive perception on corporate governance effectiveness. Compared to this, the investors who are businessmen and private employees have least positive perception on corporate governance effectiveness. In terms of investment experience, the investors who are having investment experience of 'More than 10 years' have more positive perception on corporate governance effectiveness. Whereas, the investors who are having 'Less than 1 year' of investment experience as compared to others have least positive perception on corporate governance effectiveness.

20. The results of the analysis revealed that there is exists a significant difference in the perception of investors on 'Corporate Governance Effectiveness' across educational qualification. Further, the analysis indicates that the investors who are professionally qualified are having more positive perception on corporate

governance effectiveness. Whereas, the investors who are graduates have least positive perception on corporate governance effectiveness.

21. The results of multiple regression analysis indicates that the investors' perception towards discipline, shareholder rights, and corporate governance effectiveness have positive and significant impact on their investment pattern. Whereas, the investors perception towards disclosure and transparency has negative and insignificant impact on their investment pattern.

6.3 Conclusion

Corporate governance is a system that ensures achievement of company's long term objectives by satisfying shareholders, creditors, customers, employees, suppliers and environmental and societal needs. The purpose of corporate governance is to build and strengthen the accountability, transparency, credibility, integrity and trust among the various stakeholders of the company. The need and interest in corporate governance got a mountainous height after the failures of big multinational corporations worldwide. This led to increased shareholder and governmental interest in corporate governance. Different countries across the world drove towards enforcing strong corporate governance practices by introducing different codes of governance that are suitable for their economy. Various expert committees, namely Cadbury Committee, Greenbury Committee, Blue Ribbon Committee, Hampel Committee, Turnbull Committee etc. have been constituted worldwide and they made various recommendations to improve the corporate governance. In India, a series of scams after economic liberalization such as Harshad Mehta scam, Ketan Parikh scam, Bhansali scam, Vanishing Company scam, UTI scam, Satyam scam, highlighted the need for corporate governance.

After the 1991 economic reforms and the corporate series scams, things are changing fast on corporate governance front in India. Various Committees such as Kumar Mangalam Birla Committee, Naresh Chandra Committee, Narayana Murthy Committee, J. J. Irani Committee, and recently the Companies Act, 2013 came out with various recommendations and provisions to improve corporate governance standards in the country. These recommendations cover issues related to composition of board of directors, minimum number of independent directors on the board, minimum number of meetings of the board, audit committee, setting up various sub committees, etc. to ensure good corporate governance practices. The efforts laid by SEBI in incorporating the Clause 49 (on recommendation of Kumar Mangalam Birla committee) to monitor and regulate the corporate governance of listed companies in India are worth appreciating. SEBI has been continuously making changes in Clause 49 as per the requirement and the new committees' recommendations. Recently, it has revised the Clause 49 as per the provisions of Companies Act, 2013 which came into effect from October 1, 2014 and is applicable to all the listed companies in India.

The present study has been undertaken with the objective of examining the impact of corporate governance practices on financial performance of companies. Further, the study also analyzed the perception of investors towards corporate governance practices followed by the selected companies and the impact of investor's perception towards corporate governance on their investment pattern. For studying the impact of corporate governance on financial performance, the time period spreads to nine years starting from financial year 2005-06 to 2013-14. The sample of the study consists of five companies listed on BSE Sensex, namely, Tata Consultancy Services (TCS) Ltd., Oil and Natural Gas Corporation (ONGC) Ltd., Reliance Industries Ltd, ITC Ltd., and Infosys Ltd. ROA and Tobin's Q are used as proxy variables of financial performance, corporate governance practices is measured in terms of corporate governance score, and control variables used are firm size, sales growth and asset tangibility. Multiple regression analysis technique has been applied to examine the impact of corporate governance score on ROA and Tobin's Q of sample companies. The multiple regression results reveals that the corporate governance practices followed by ONGC Ltd. do have a positive impact on its financial performance. Whereas, the corporate governance practices of TCS Ltd. and Reliance Industries Ltd. too have a positive impact but only on its market performance. The corporate governance practices do not at all impact the financial performance of ITC Ltd. and Infosys Ltd. This research findings of positive impact of corporate governance practices on company's financial performance are similar to the previous studies like Javed & Iqbal, (2006); Cheung, Connelly, Limpaphayom & Zhou (2007); Garay & Gonzalez, (2008); Kohli & Saha, (2008); Tariq & Butt, (2008); Balasubramanian, Black & Khanna (2010); Cheung, Jiang, Limpaphayom & Lu

(2010); Ammann, Oesch & Schmid (2011); Black, Carvalho & Gorga (2012); Aggarwal (2013); Munisi & Randoy, (2013). Thus, on the basis of the study of five top high market capitalization companies, it can be inferred that the relationship between corporate governance and the firm's financial performance shows inconclusive and mixed results.

The perception of investors regarding the corporate governance practices followed by the selected Indian companies is studied through structured questionnaire served on a sample of 410 investors living in Delhi and NCR region. The study gauged the 'awareness' and 'perception' on corporate governance among the investors of selected companies and across the demographic characteristics. Moreover, the study analyzed the impact of perception of investors towards corporate governance on their investment pattern. Various statistical techniques like descriptive statistics, one way ANOVA and multiple regression analysis have been applied to analyze the data. In addition, the validity and reliability of the measuring instrument has been tested and the factor analysis has been applied. The results of the study indicate that the awareness of the concept of corporate governance is moderate among of investors of different companies and across different demographic characteristics. Further, the perception of investors towards corporate governance practices followed by the companies is found to be positive. Moreover, investors' perception towards corporate governance variables i.e., 'Discipline', 'Shareholder Rights', and 'Corporate Governance Effectiveness' is found to have a positive impact on their investment pattern. Whereas, the variable 'Disclosure and Transparency' have negative and insignificant impact on their investment pattern.

6.4 Suggestions

Based on the findings of the study and conclusions, the following suggestions may be put forward so that the level of corporate governance practices may improve in the Indian context.

1. 'Disclosure and Transparency' is an important dimension of corporate governance practices. It is suggested that as a part of good corporate governance practices, companies should ensure that timely and accurate disclosures are made on all the material matters. "Many investors consider good corporate governance to be one

of the most important criteria when making investment decisions" (Barako, Hancock & Izan, 2006). Companies which aim at attracting the investors, should make detailed, accurate and reliable disclosures. The better the disclosures are, the better will be the investor's perception of the company's traded shares.

2. As awareness level of corporate governance among the investors is not much, therefore high frequency of investor awareness campaigns by Regulators and Exchanges can develop the knowledge of investors on concept of corporate governance, capital market and matters related to corporate laws. Various media sources can also be used to increase the awareness among the investors and general public.

3. The company that wants to adopt good corporate governance practices should ensure that it has proper structure of the Board. It is observed that ONGC Ltd., Reliance Industries Ltd. and ITC Ltd. have the CEO Duality i.e., the role of Chairman and Chief Executive Officer is performed by one person. Therefore, it is suggested that there should be separation and a clear demarcation of the role and responsibilities of Chairman and CEO of the company so as to promote balance of power and thereby increasing the effectiveness of the company's Board.

4. It is noticed from the study that TCS Ltd. lacks disclosure of training of board members. The Board performance can be improved through proper education and training. Directors need education and training so as to ensure that they achieve competence in specific areas of knowledge. There should be a statement in the company's annual report specifying the education and training imparted to the Board. The Board should timely adopt suitable training programmes to enhance their skills and for better implementation of corporate governance norms.

5. Whistle blower mechanism should be made mandatory for the companies. Companies should provide the necessary environment and procedures that facilitate internal whistle blowing e.g. establish a whistle blower office or website within the organization where employees can make important disclosures about any misdeeds or frauds in the organization. When employees report it to the external authorities such as the Government or media, then it is external whistle blowing.

6. The Audit Committee of the company should be composed only of independent and non-executive directors in order to restore the confidence of the public and the investors.

7. Companies should ensure that there should be timely revision of compensation packages of all the directors including independent directors. To regulate the fixation of remuneration of board of directors or key executives, a suitable policy framework or guidelines needs to emerge. The company's remuneration plans should be strongly linked with the company's performance that reflects value to long-term shareowners.

8. The working of the Board can be made effective with the constitution of special sub-committees which are not mandated by the Clause 49 incorporated in Listing Agreement of SEBI. The Board must evaluate the necessity of such Sub-Committees like Independent Directors Committee, Finance/Investment Committee, Ethics and Compliance Committee, Bank Account Committee, Executive Committee, etc. based on the size and scope of the company and continuous assessment of such sub-committees should be initiated to ensure that each sub-committee achieves its purpose.

9. The quality of management discussion and analysis report should improve since it serves as the basis on which the shareholders can make decision pertaining to their investments.

10. Interested parties such as investors, lenders, analysts etc. should proactively question or challenge the company's management on corporate governance areas covering protection of minority interests, management compensation, government dealing, risk management practices, related party transactions, fraud risk management and corporate social responsibility.

11. The establishment of Investor Relations Cell should be made mandatory for Listed Companies.

12. Companies should develop a Shareholder Handbook highlighting the rights and responsibilities of the shareholders. This handbook should be shared with each and every shareholder of the company.

13. Companies should conduct shareholders' satisfaction survey every year which is a very good practice to promote their interests. From the survey, companies can get feedback of shareholders' views on various matters relating to investor services, to see whether proper redressal system is in place and investors get on time solutions for their problems.

14. It is observed that the companies are not just complying with the requirements of the Clause 49 of the listing agreement but also voluntarily they are making more disclosures and taking greater initiatives in improving their governance practices. It is therefore suggested that the Indian companies whether under the ambit of applicability of the listing agreement or not, must adopt these practices so that there is an improvement in the Indian corporate governance environment.

15. There is deficiency of the courses in the educational system on the topic of business ethics, corporate governance and corporate social responsibility. Emphasis should be given on collaboration between business organisations and educational institutions to improve corporate governance mechanisms by incorporating business ethics and corporate governance related courses at different stages of the education system to ensure that ethical values are inculcated amongst the future managers of the country.

16. The study revealed that the company's Boards are dominated by male and Board gender diversity is very limited in Indian companies. The revised Clause 49 (2014) made it mandatory for the companies to have atleast one women director on Board. However, companies should improve the gender balance of Boards with a great care about their qualification and competency.

17. India has good corporate governance laws and regulations on books. But the enforcement and implementation of these laws and regulations remained inadequate. The regulators, stock exchanges and even companies should ensure effective implementation and enforcement of these rules.

18. All the provisions of existing Listing Agreement, Company Law, Competition Law, Economic Laws, Securities and Capital Market Laws, Consumer Protection Laws, Industrial and Labour Laws, Pollution Control Laws, Foreign Exchange

Legislation, and other SEBI legislations should be aligned in order to achieve uniformity in corporate governance standards in India. A joint committees of SEBI and the Ministry of Corporate Affairs should be constituted for this purpose, so that uniform standards of corporate governance can be prescribed for listed companies under both laws.

19. Stringent provisions should be made in order to penalize the companies which follow poor and unethical governance under the SEBI guidelines and Companies Act.

20. Companies should provide the information about their risk management initiatives in their corporate governance reports. The Board, audit committee and executive management must identify the risks that have an impact on their business and should document their process of risk identification, risk minimisation, risk optimization as a part of a risk management policy. The Board should also provide affirmation that it has put in place the critical risk management framework across the company, which is managed once in every six months by the Board.

21. Before adjudicating any special award to the company, the concerned authority must scrutinize all the documents of the company and should assure that company has complied with necessary regulations in all aspects. Otherwise, not only the sanctity of the award but also the reputation of the concerned organization will be seriously defamed.

22. Shareholders should exercise the option of postal ballot system, as minority shareholders are allowed to vote through the postal ballot system. Postal ballot system allows shareholders who cannot attend meetings to appoint representatives and make their opinion count. Shareholders can exercise their rights on various issues, such as the appointment of directors, the approval of directors and top executives remuneration, and the sanctioning of other important matters related to the company.

23. Companies should disclose their financial and relevant non-financial information on their websites so as to enable various stakeholders to have access to the information.

24. Companies should inform the shareholders through proper channels and give enough time so that shareholders can attend AGM. They should also be given an opportunity to ask relevant questions at AGM. Before the Annual General Meeting, the company should provide the documents containing their policies on dividend, remuneration, and risk management framework and other information which might be relevant for them.

25. Regulators should make compulsory for the companies to obtain a report on Corporate Governance Rating (CGR) from a Credit Rating Agency in India. It will add value to investors community's confidence, resulting in greater access to capital.

26. It is suggested that the rotation/change of external auditor should be done from time to time, as long term relationships with management may result in closeness that leads to loss of independence of Auditor.

6.5 Direction for Future Research

As the study has been conducted with some specific objectives, it has not examined all the aspects of corporate governance. The area of corporate governance provides a lot of scope to future researchers. This concept requires a study in depth and on many more aspects. Some of the crucial areas which remain unexplored and point the way for further research are mentioned below:

1. The present study is undertaken for five companies having high market capitalization. Future studies can be conducted on all the companies of BSE Sensex or on some other index of stock exchange.

2. Inter industry-wise comparison can be made to have a clear picture of the corporate governance followed by the Indian industry.

3. Cross country comparisons can be made on the basis of common items of corporate governance codes.

4. Future studies can study the compliance status of Revised Clause 49 (2014) by the listed companies. Studies can also see how far the Revised Clause 49 which is in

line with Companies Act 2013, is effective in improving the Corporate Governance environment in India.

5. In addition to ROA and Tobin's Q, other accounting based measures such as ROE, PBIT (Profit Before Interest and Tax), PAT (Profit After Tax)/Sales, EVA and market based measures such as price earning ratio, excess stock returns and earning per share, etc., can be used as indicators of financial performance.

6. Different stakeholder's perceptions like employees, institutional investors, suppliers, creditors, etc. on corporate governance can be studied covering different cities.

6.6 Epilogue

This research treatise is a sober attempt to enlighten about the current status of corporate governance practices followed by Indian corporate sector, their impact on the perception of investors as well as on the performance and success of the corporation itself. It comes to fore that good corporate governance add value to the market standing of the corporation and to the confidence of investors contributing to the increasing flow and easy access to capital for the corporation. But Indian companies need to bring about improvement in the prevalent corporate governance practices in areas which have been found lacking and identified in this study. Pragmatic and practical suggestions have been put forth to raise quality and standard of corporate governance practices by Indian companies. Initiative to adopt these suggestions would go a long way not only in improving and making effective the corporate governance practices, but also in branding the Indian Corporate sector more ethical, transparent and credible on the globe.

References

Aggarwal, P. (2013). Impact of corporate governance on corporate financial performance. *IOSR Journal of Business and Management, 13*(3), 1-5.

Ammann, M., Oesch, D., & Schmid, M. M. (2011). Corporate governance and firm value: International evidence. *Journal of Empirical Finance, 18*(1), 36-55. doi:10.1016/j.jempfin.2010.10.003

Balasubramanian, N., Black, B. S., & Khanna, V. (2010). The relation between firm-level corporate governance and market value: A case study of India. *Emerging Markets Review, 11*(4), 319–340. doi:10.1016/j.ememar.2010.05.001

Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: An International Review, 14*(2), 107–125. doi:10.1111/j.1467-8683.2006.00491.x

Black, B. S., Carvalho, A. G. & Gorga, E. (2012). What matters and for which firms for corporate governance in emerging markets? Evidence from Brazil (and other BRIK countries). *Journal of Corporate Finance, 18*(4), 934–952. doi:10.1016/j.jcorpfin. 2011.10.001

Cheung, Y. L., Connelly, J. T., Limpaphayom, P., & Zhou, L. (2007). Do investors really value corporate governance? Evidence from the Hong Kong market. *Journal of International Financial Management and Accounting, 18*(2), 86-122. doi:10.1111/j.1467-646X.2007.01009.x

Cheung, Y. L., Jiang, P., Limpaphayom, P., & Lu, T. (2010). Corporate governance in China: A step forward. *European Financial Management, 16*(1), 94-123. doi:10.1111/j.1468-036X.2008.00446.x

Garay, U., & Gonzalez, M. (2008). Corporate governance and firm value: The case of Venezuela. *Corporate Governance: An International Review, 16*(3), 194-209. doi:10. 1111/j.1467-8683.2008.00680.x

Javed, A. Y., & Iqbal, R. (2006). Corporate governance and firm performance: Evidence from Karachi Stock Exchange. *The Pakistan Development Review, 45*(4), 947-964.

Kohli, N., & Saha, G. C. (2008). Corporate governance and valuations: Evidence from selected Indian companies. *International Journal of Disclosure and Governance, 5*(3), 236-251. doi:10.1057/jdg.2008.10

Munisi, G., & Randoy, T. (2013). Corporate governance and company performance across Sub-Saharan African countries. *Journal of Economics and Business, 70*(C), 92-110. doi:10.1016/j.jeconbus.2013.08.003

Tariq, Y. B., & Butt, S. A. (2008). Impact of corporate governance practices on financial performance: Empirical evidence from Pakistan. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1648547

BIBLIOGRAPHY

BIBLIOGRAPHY

BOOKS

Anand, S. G. (2014). *Corporate governance: A Comprehensive analysis of new clause 49 of listing agreement issued by SEBI on 17-04-2014.* New Delhi, India: Taxmann Publications (P.) Ltd.

Berle, A., & Means, G. (1932). *The modern corporate and private property.* New York: McMillian.

Blair, M. M. (1995). *Ownership and control: Rethinking corporate governance for the twenty-first century.* Washington, D.C.: Brookings Institute

Bollen, K. A. (1989). *Structural equations with latent variables.* New York: John Wiley and Sons.

Brooks, C. (2008). *Introductory econometrics for finance.* New York: Cambridge University Press.

Clarke, T. (2004). *Theories of corporate governance: The philosophical foundations of corporate governance.* London: Routledge Taylor & Francis Group.

Cochran, W. G. (1977). *Sampling techniques.* New York: John Wiley & Sons.

Das, S. C. (2012). *Corporate governance in India: An evaluation.* New Delhi, India: PHI Learning Private Limited.

Fernando, A. C. (2009). *Corporate governance: Principles, policies and practices.* New Delhi, India: Pearson Education.

Field, A. (2009). *Discovering statistics using SPSS.* New Delhi, India: SAGE Publications India Pvt. Ltd.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach.* Boston: Pitman.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & Colle, S. D. (2010). *Stakeholder theory: The state of the art.* New York: Cambridge University Press.

Friedman, A. L., & Miles, S. (2006). *Stakeholders: Theory and practice.* New York: Oxford University Press.

Gray, R. H., Owen, D. L., & Adams, C. (1996). *Accounting and accountability: Changes and challenges in corporate social and environmental reporting.* Hemel Hempstead, UK: Prentice-Hall.

Gujarati, D. N., Porter, D. C., & Gunasekar, S. (2012). *Basic econometrics.* New Delhi, India: Tata McGraw Hill Education Private Limited.

Hirschman, A. O. (1971). *Exit, voice and loyalty: Responses to decline in firms, organizations, and states.* Cambridge: Harvard University Press.

Kaushik, K. V., & Dutta, K. (2012). *India means business: How the elephant earned its stripes.* New Delhi, India: Oxford University Press.

Kleinbaum, D., Kupper, L., Nizam, A., & Rosenberg, E. (2013). *Applied regression analysis and other multivariable methods.* USA: Cengage Learning.

Kothari, C. R. (2004). *Research methodology: Methods and techniques.* New Delhi, India: New Age International (P) Ltd.

Malhotra, N. K., & Dash, S. (2011). *Marketing research: An applied orientation.* New Delhi, India: Pearson Publication.

Monks, R. A. G., & Minow, N. (1995). *Corporate governance.* Cambridge: Blackwell.

Naidoo, R. (2002). *Corporate governance: An essential guide for South African companies.* Cape Town: Double Storey Books. Retrieved from https://books.google.co. in/books?isbn=1919930086.

Nunnally, J. C. (1978). *Psychometric theory.* New York: McGraw-Hill.

Parthasarathy, S. (2009). *Corporate governance: Principles, mechanisms & practice.* New Delhi, India: Biztantra.

Prasad, K. (2008). *Corporate governance.* New Delhi, India: PHI Learning Private Limited.

Rani, D. G., & Mishra, R. K. (2013). *Corporate governance: Theory and practice.* New Delhi, India: Excel Books.

Rappaport, A. (1986). *Creating shareholder value: A guide for managers and investors*. New York: Free Press.

Rezaee, Z. (2009). *Corporate governance and ethics.* New Jersey: John Wiley & Sons Inc.

Sarkar, J., & Sarkar S. (2012). *Corporate governance in India.* New Delhi, India: SAGE Publications India Pvt. Ltd.

Sekaran, U. (2006). *Research methods for business: A skill building approach.* New Delhi, India: John Wiley and Sons.

Sharma, J. P. (2013). *Corporate governance, business ethics and CSR.* New Delhi, India: Ane Books Pvt. Ltd.

Smith, A. (1776). *The Wealth of Nations.* New York: Modern Library.

Solomon, J. (2007). *Corporate governance and accountability.* Chichester, England: John Wiley & Sons Ltd.

Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2012). *Business research methods.* USA: Cengage Learning.

CHAPTERS IN EDITED BOOKS/CONFERENCE PROCEEDINGS

Combs, J. G., Crook, T. R., & Shook, C. L. (2005). The dimensionality of organizational performance and its implications for strategic management research. In D. D. Ketchen, & D. D. Bergh (Ed.), *Research Methodology in Strategy and Management* (pp. 259- 286). UK: Emerald Group Publishing Limited.

Cronbach, L. J. (1971). Test validation. In R. L. Thorndike (Ed.), *Educational measurement* (pp. 443-507). Washington, D.C.: American Council on Education.

Goswami, O. (2002). Corporate governance in India. In *Taking action against corruption in Asia and the Pacific* (pp.85-106). Manila: Asian Development Bank Conference Papers and Proceedings. Retrieved from http://www.oecd.org/site/adboecdanti-corruptioninitiative/regionalseminars/35137409.pdf

Gul, F. A., & Tsui, J. S. L. (2004). Introduction and overview. In F. A. Gul, & J. S. L Tsui (Ed.), *The Governance of East Asian Corporations: Post Asian Financial Crisis* (pp. 1-15). New York: Palgrave MacMillan.

Roe, M. J. (2008). The institutions of corporate governance. In C. Menard, & M. M. Shirley (Ed.), *Handbook of new institutional economics* (pp. 371-399). Germany: Springer Berlin Heidelberg. doi:10.1007/978-3-540-69305-5_16

Sareen, V. K., & Chander, S. (2009). Firms' attributes and corporate governance disclosure particulars: An empirical investigation. In R. K. Mishra, & S. Jhunjhunwala (Ed.), *Corporate governance- Millennium challenges* (pp. 54-81). India: Excel India Publications.

THESES/DISSERTATIONS

Anwar, M. T. (2014). *A Study of the Pilgrimage Tourism of Bihar with Special Reference to Bodh-Gaya and Nalanda.* (Doctoral Thesis, Aligarh Muslim University).

Banu, M. (2014). *Corporate Governance – A Study of Select IT Firms.* (Doctoral Thesis, Osmania University). Retrieved from http://shodhganga.inflibnet.ac.in/handle/10603 /24578

Joshi, A. (2010). *A Study on Corporate Governance and the Financial Performance of Selected Indian Companies.* (Doctoral Thesis, Saurashtra University). Retrieved from http://shodhganga.inflibnet.ac.in/handle/10603/42854

Larbsh, M. M. (2010). *An Evaluation of Corporate Governance Practice in Libya: Stakeholders' Perspectives.* (Doctoral Thesis, Nottingham Trent University). Retrieved from http://irep.ntu.ac.uk/R/?func=dbin-jump-full&object_id =198343

Manawaduge, A. S. (2012). *Corporate Governance Practices and their impacts on Corporate Performance in an Emerging Market: The Case of Sri Lanka.* (Doctoral Thesis, University of Wollongong). Retrieved from http://ro.uow.edu.au/theses/3676/

Natarajan, N. (2011). *A Study on the Stakeholders' Perception of Corporate Governance Practices with Reference to the Software Companies in India.* (Doctoral Thesis, Dr. M.G.R. Educational and Research Institute University). Retrieved from http://www.drmgrdu.ac.in/Thesis_doc/Documents/N.%20 Natarajan%20Ph.d%20Thesis/final.pdf

Rahman, M. A. (2014). *An Analysis of Marketing Strategies of Tourism Industry: A Case Study of Bihar State Tourism Development (BSTDC).* (Doctoral Thesis, Aligarh Muslim University).

Rana, D. (2012). *Corporate Governance in Telecom Sector.* (Doctoral Thesis, University of Delhi). Retrieved from http://shodhganga.inflibnet.ac.in/ handle/10603/28336

Rao, A. L. (2013). *A Study of Corporate Governance in Paper Industry.* (Doctoral Thesis, Andhra University). Retrieved from http://shodhganga.inflibnet. ac.in/handle/ 10603/8683

Safarova, Y. (2010). *Factors that Determine Firm Performance of New Zealand Listed Companies.* (Doctoral Dissertation, Auckland University of Technology). Retrieved from http://aut.researchgateway.ac.nz/bitstream/ handle/10292/827/Safarova Y.pdf?sequence=3

Teh, C. T. (2009). *Compliance and Impact of Corporate Governance Best Practice Code on the Financial Performance of New Zealand Listed Companies.* (Doctoral Thesis, Massey University). Retrieved from http://mro.massey.ac.nz/handle/10179/1004.

Vora, M. B. (2005). *A Study of Corporate Governance Practices of Corporate Sector in India.* (Doctoral Thesis, Saurashtra University). Retrieved from http://etheses. saurashtrauniversity.edu/68/

JOURNALS ARTICLES/RESEARCH PAPERS

Adekunle, S. A., & Aghedo, E. M. (2014). Corporate governance and financial performance of selected quoted companies in Nigeria. *European Journal of Business and Management, 6*(6), 53-60.

Aggarwal, P. (2013). Impact of corporate governance on corporate financial performance. *IOSR Journal of Business and Management, 13*(3), 1-5.

Alleyne, P., Weekes-Marshall, D., & Broome, T. (2014). Accountants' perceptions of corporate governance in public limited liability companies in an emerging economy: Evidence from Barbados. *Meditari Accountancy Research, 22*(2), 186-210. doi:10.11 08/MEDAR-09-2013-0039

Aluchna, M. (2009). Does good corporate governance matter? Best practice in Poland. *Management Research News, 32*(2), 185-198. doi:10.1108/01409170910927631

Ameer, R., Ramli, F., & Zakaria, H. (2010). A new perspective on board composition and firm performance in an emerging market. *Corporate Governance, 10*(5), 647-661. doi: 10.1108/14720701011085607

Ammann, M., Oesch, D., & Schmid, M. M. (2011). Corporate governance and firm value: International evidence. *Journal of Empirical Finance, 18*(1), 36-55. doi:10.1016/j. jempfin.2010.10.003

Arjunan, C., & Jayanthi, M. (2014). Individual investors' perception towards credit rating agencies in India with special reference to Erode and Coimbatore district. *International Journal of Management and Development Studies, 3*(6), 31-45.

Bai, C. E., Liu, Q., Lu, J., Song, F. M., & Zhang, J. (2004). Corporate governance and market valuation in China. *Journal of Comparative Economics, 32*(4), 599–616. doi: 10.1016 /j.jce.2004.07.002

Balasubramanian, N., Black, B. S., & Khanna, V. (2010). The relation between firm level corporate governance and market value: A case study of India. *Emerging Markets Review, 11*(4), 319–340. doi:10.1016/j.ememar.2010.05.001

Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: An International Review, 14*(2), 107–125. doi:10.1111/j.1467-8683.2006.00491.x

Bell, R. G., Filatotchev, I., & Aguilera, R. V. (2014). Corporate governance and investors' perceptions of foreign IPO value: An institutional perspective.

Academy of Management Journal, 57(1), 301-320. doi:10.5465/amj.2011.0146

Bhagat, S., & Bolton, B. (2008). Corporate governance and firm performance. *Journal of Corporate Finance, 14*(3), 257-273. doi:10.1016/j.jcorpfin.2008.03.006

Bhalla, J. (2012). Corporate governance: Perception of executives in India. *Review of Management, 2*(1/2), 35-43.

Bhardwaj, N., & Rao, B. R. (2014). Corporate governance practices in India – A case study. *Asia Pacific Journal of Research, 1*(XIII), 43-54.

Bhasa, M. L. (2004). Understanding the corporate governance quadrilateral. *Corporate Governance: The International Journal of Business in Society, 4*(4), 7-15. doi:10.1108/14720700410558844

Bhasin, M. L. (2010). Corporate governance disclosure practices: The portrait of a developing country. *International Journal of Business and Management, 5*(4), 150-167. doi:10.5539/ijbm.v5n4p150

Bhasin, M. L. (2012). Voluntary corporate governance disclosures made in the annual reports: An empirical study. *International Journal of Management and Innovation, 4*(1), 46-67.

Bhuiyan, M. H. U., & Biswas, P. K. (2007). Corporate governance and reporting: An empirical study of the listed companies in Bangladesh. *Dhaka University Journal of Business Studies, 28*(1), 1-32.

Black, B. S., Carvalho, A. G., & Gorga, E. (2012). What matters and for which firms for corporate governance in emerging markets? Evidence from Brazil (and other BRIK countries). *Journal of Corporate Finance, 18*(4), 934–952. doi:10.1016/j.jcorpfin. 2011.10.001

Black, B. S., Jang, H., & Kim, W. (2006). Does corporate governance predict firms' market values? Evidence from Korea. *The Journal of Law, Economics, and Organization, 22*(2), 366-413. doi:10.1093/jleo/ewj018

Black, B. S., Love, I., & Rachinsky, A. (2006). Corporate governance indices and firms' market values: Time series evidence from Russia. *Emerging Markets Review, 7*(4), 361-379. doi:10.1016/j.ememar.2006.09.004

Braga-Alves, M. V., & Morey, M. (2012). Predicting corporate governance in emerging markets. *Journal of International Money and Finance, 31*(6), 1414-1439. doi:10.1016 /j.jimonfin.2012.02.009

Brink, A. G. (2013). Nonprofessional investors' perceptions of corporate governance factors. *Journal of Accounting, Ethics and Public Policy, 14*(2), 289-331.

Cheung, Y. L., Connelly, J. T., Jiang, P., & Limpaphayom, P. (2011). Does corporate governance predict future performance? Evidence from Hong Kong. *Financial Management, 40*(1), 159-197. doi:1111/j.1755-053X.2010.01138.x

Cheung, Y. L., Connelly, J. T., Limpaphayom, P., & Zhou, L. (2007). Do investors really value corporate governance? Evidence from the Hong Kong market. *Journal of International Financial Management and Accounting, 18*(2), 86-122. doi:10.1111/j. 1467-646X.2007.01009.x

Cheung, Y. L., Jiang, P., Limpaphayom, P., & Lu, T. (2010). Corporate governance in China: A step forward. *European Financial Management, 16*(1), 94-123. doi:10.1111/j.1468-036X.2008.00446.x

Chiang, H. T. (2005). An empirical study of corporate governance and corporate performance. *Journal of American Academy of Business, 6*(1), 95-101.

Chugh, L. C., Meador, J. W., & Kumar, A. S. (2011). Corporate governance and firm performance: Evidence from India. *Journal of Finance and Accountancy, 7*, 1-10.

Coles, J. W. (2001). An examination of the relationship of governance mechanisms to performance. *Journal of Management, 27*(1), 23-50. doi:10.1016/S0149-2063(00) 00085-4

Dalton, D. R., Daily, C. M., Ellstrand, A. E., & Johnson, J. L. (1998). Meta-analytic reviews of board composition, leadership structure, and financial performance. *Strategic Management Journal, 19*(3), 269-281. doi:10.1002/(SICI)1097-0266(199803)19:3< 269::AID-SMJ950>3.0.CO;2-K

Das, S. C. (2008). Corporate governance standards and practices in Reliance Industries Limited. *The Icfai University Journal of Corporate Governance, 7*(3), 46-62.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20-47. doi:10.2307/259223

Dembo, A. M., & Rasaratnam, S. (2014). Corporate governance and disclosure in Nigeria: An empirical study. *Procedia-Social and Behavioral Sciences, 164*, 161-171. doi:10.1016/j.sbspro.2014.11.064

Dey, D. K., & Chauhan, Y. K. (2009). Board composition and performance in Indian firms: A comparison. *ICFAI Journal of Corporate Governance, 8*(2), 7-19.

Dian, Y. (2014). Corporate governance and firm performance: A sociological analysis based on Chinese experience. *Social Sciences in China, 35*(1), 44-67. doi:10.1080/02529203 .2013.875662

Donaldson, L. (1990). The ethereal hand: Organizational economics and management theory. *Academy of Management Review, 15*(3), 369-381. doi:10.5465/AMR.1990.4308806

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*(1), 49-64. doi:10.1177/031289629101600103

Donaldson, L., & Davis, J. H. (1994). Boards and company performance-Research challenges the conventional wisdom. *Corporate Governance: An International Review, 2*(3), 151-154. doi:10.1111/j.1467-8683.1994.tb00071.x

Donaldson, T., & Preston, E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review, 20*(1), 65-91. doi:10.5465/AMR.1995.9503271992

Dwivedi, N., & Jain, A. K. (2005). Corporate governance and performance of Indian firms: The effect of board size and ownership. *Employee Responsibilities and Rights Journal, 17*(3), 161-172. doi:10.1007/s10672-005-6939-5

Gales, L. M., & Kesner, I. F. (1994). An analysis of board of director size and composition in bankrupt organizations. *Journal of Business Research, 30*(3), 271-282. doi:10.1016/ 0148-2963(94)90057-4

Garay, U., & Gonzalez, M. (2008). Corporate governance and firm value: The case of Venezuela. *Corporate Governance: An International Review, 16*(3), 194-209. doi:10. 1111/j.1467-8683.2008.00680.x

Garg, A. K. (2007). Influence of board size and independence on firm performance: A study of Indian companies. *Vikalpa, 32*(3), 39-60.

Geetha, N., & Ramesh, M. (2012). A study on relevance of demographic factors in investment decisions. *Perspectives of Innovations, Economics and Business, 10*(1), 14-27. doi:10.15208/pieb.2012.02

Gillan, S., & Starks, L. T. (1998). A survey of shareholder activism: Motivation and empirical evidence. *Contemporary Finance Digest, 2*(3), 10-34.

Gull, A. A., Saeed, A., & Abid, A. (2013). Corporate governance and performance: An empirical evidence from textile sector of Pakistan. *African Journal of Business Management, 7*(22), 2112-2118. doi:10.5897/AJBM2013.6952

Guo, Z., & Kumara, U. (2012). Corporate governance and firm performance of listed firms in Sri Lanka. *Procedia -Social and Behavioral Sciences, 40*, 664-667. doi:10.1016/j.sbs pro.2012.03.246

Gupta A., Nair, A. P., & Gogula, R. (2003). Corporate governance reporting by Indian companies: A content analysis study. *The Icfai Journal of Corporate Governance, 2*(4), 7-18.

Gupta, P., & Sharma, A. M. (2014). A study of the impact of corporate governance practices on firm performance in Indian and South Korean companies. *Procedia-Social and Behavioral Sciences, 133*, 4-11. doi:10.1016/j.sbspro.2014.04.163

Hamid, A. A., Aziz, A. R., Dora, D., & Said, J. (2012). Corporate governance reporting of top 250 companies: Recent evidence from emerging economy. *British Journal of Economics, Finance and Management Sciences, 4*(2), 95-112.

Hermalin, B., & Weisbach, M. (1991). The effects of board composition and direct incentives on firm performance. *Financial Management, 20*(4), 101-112. doi:10.2307/3665716

Hillman, A. J., Cannella, A. A., & Paetzold, R. L. (2000). The resource dependence role of corporate directors: Strategic adaptation of board composition in response to environmental change. *Journal of Management Studies, 37*(2), 235-256. doi:10.1111/ 1467-6486.00179

Hoskisson, R., Hitt, M., Wan, W., & Yiu, D. (1999). Theory and research in strategic management: Swings of a pendulum. *Journal of Management, 25*(3), 417-456. doi:10. 1177/014920639902500307

Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Chabowski, B. R., Hammam, M. K., Dykes, B.,...& Cavusgil, S. T. (2008). An assessment of the measurement of performance in international business research. *Journal of International Business Studies, 39*(6), 1064-1080. doi:10.1057/palgrave.jibs.8400398

Hussain, S. H., & Mallin, C. (2002). Corporate governance in Bahrain. *Corporate Governance: An International Review, 10*(3), 197-210.

Jain, S., & Nigam, N. K. (2014). Companies Act, 2013 – A new wave in corporate governance. *Indian Streams Research Journal, 3*(12), 1-9. doi:10.9780/22307850

Javed, A. Y., & Iqbal, R. (2006). Corporate governance and firm performance: Evidence from Karachi Stock Exchange. *The Pakistan Development Review, 45*(4), 947-964.

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American Economic Review, 76*(2), 323-329.

Jensen, M. C. (1989). The evidence speaks loud and clear. *Harvard Business Review, 67*(6), 186-188.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 4*(3), 305-360.

John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of Banking & Finance, 22*(4), 371-403. doi: http://dx.doi.org/10.1016/S0378-4266(98) 00005-3

Jones, T. M., & Wicks, A. C. (1999). Convergent stakeholder theory in management research. *Academy of Management Review, 24*(2), 206-221. doi: 10.5465/AMR.1999. 1893929

Kabra, G., Mishra, P. K., & Dash, M. K. (2010). Factors influencing investment decision of generations in India: An econometric study. *Asian Journal of Management Research, 4*(2), 308-326.

Karpagam, V. (2013). Impact of corporate governance factors on the firm performance of NSE listed companies in India. *Journal of Business Management Studies, 9*(2), 72-87.

Kaushik, N. R. (n.d.). Corporate governance – Its origin in ancient India. *DRIEMS Business Review, 1*(1), 44-50. Retrieved from http://www.driems.ac.in /mba/Download/6%20CORPORATE%20GOVERNANCE%20%20ITS% 20ORIGIN%20IN%20ANCIENT%20INDIA.pdf

Kohli, N., & Saha, G. C. (2008). Corporate governance and valuations: Evidence from selected Indian companies. *International Journal of Disclosure and Governance, 5*(3), 236-251. doi:10.1057/jdg.2008.10

Kota, H. M., & Tomar, S. (2010). Corporate governance practices in Indian firms. *Journal of Management and Organization, 16*(2), 266-279. doi:10.5172/jmo.16.2.266

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics, 58*(1), 3-27.

Leng, A. C. A. (2004). The impact of corporate governance practices on firms' financial performance: Evidence from Malaysian companies. *ASEAN Economic Bulletin, 21*(3), 308-318. doi:10.1353/ase.2011.0056

Letza, S., Kirkbride, J., Sun, X., & Smallman, C. (2008). Corporate governance theorizing: Limits, critics and alternatives. *International Journal of Law and Management, 50*(1), 17-32. doi:10.1108/03090550810852086

Lewellen, W. G., Lease, R. C., & Schlarbaum, G. G. (1977). Patterns of investment strategy and behavior among individual investors. *Journal of Business, 50*(3), 296-333. doi:10.1086/295947

Maher, M., & Andersson, T. (2000). Corporate governance: Effects on firm performance and economic growth. Retrieved from http://papers.ssrn.com /sol3 /papers.cfm?abstract_id =218490

Mak, Y. T., & Kusnadi, Y. (2005). Size really matters: Further evidence on the negative relationship between board size and firm value. *Pacific-Basin Finance Journal, 13*(3), 301-318. doi:10.2139/ssrn.303505

Mashayekhi, B., & Bazaz, M. S. (2008). Corporate governance and firm performance in Iran. *Journal of Contemporary Accounting and Economics, 4*(2), 156-172. doi:10.1016/S1 815-5669(10)70033-3

Maury, B., & Pajuste, A. (2005). Multiple large shareholders and firm value. *Journal of Banking & Finance, 29*(7), 1813-1834. doi:10.1016/j.jbankfin.2004.07.002

McCahery, J. A., Sautner, Z., & Starks, L. T. (2010). *Behind the scenes: The corporate governance preferences of institutional investors.* Retrieved from http://fisher.osu.edu/supplements/10/9861/04092010-Laura%20Starks.pdf

Memon, F., Bhutto, N. A., & Abbas, G. (2012). Capital structure and firm performance: A case of textile sector of Pakistan. *Asian Journal of Business and Management Sciences, 1*(9), 9-15.

Mishra C. S., Randoy, T., & Jenssen, J. I. (2001). The effect of founding family influence on firm value and corporate governance. *Journal of International Financial Management and Accounting, 12*(3), 235-259. doi:10.1111/1467-646X.00073

Mitra, M. (2013). Corporate governance standards and practices in Indian aluminium industry: An empirical study. *Journal of Business Management, Commerce and Research, 1*(4), 7-16.

Mohanty, P. (2004). Institutional investors and corporate governance in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=353820&download=yes

Motwani, S. S., & Pandya, H. B. (2013). Impact of corporate governance practices on stock prices of selected Indian listed companies. *Asian Journal of Research in Business Economics and Management, 3*(10), 231-248.

Munisi, G., & Randoy, T. (2013). Corporate governance and company performance across Sub-Saharan African countries. *Journal of Economics and Business, 70*(C), 92-110. doi:10.1016/j.jeconbus.2013.08.003

Mutawaa, A. A., & Hewaidy, A. M. (2010). Disclosure level and compliance with IFRSs: An empirical investigation of Kuwaiti companies. *The International Business & Economics Research Journal, 9*(5), 33-49.

Needles, B. E., Turel, A., Sengur, E. D., & Turel, A. (2012). Corporate governance in Turkey: Issues and practices of high performance companies. *Accounting and Management Information Systems, 11*(4), 510–531.

Omran, M. M., Bolbol, A., & Fatheldin, A. (2008). Corporate governance and firm performance in Arab equity markets: Does ownership concentration matter. *International Review of Law Economic, 28*(1), 32-45. doi:10.1016/j.irle.2007.12.001

Pahuja, A., & Bhatia, B. S. (2010). Determinants of corporate governance disclosures: Evidence from companies in northern India. *The IUP Journal of Corporate Governance, 9*(3), 69-88.

Pandya, H. B. (2013). Impact of corporate governance practices on firm's performance: An Indian perspective. *International Journal of Current Business and Economics, 2*(9), 43-51.

Parsa, S., Chong, G., & Isimoya, E. (2007). Disclosure of governance information by small and medium-sized companies. *Corporate Governance: The International Journal of Business in Society, 7*(5), 635-648. doi:10.1108/14720700710827211

Patidar, S. (2010). Investor's behavior towards share market: A Study of Dhar district of Madhya Pradesh. *International Research Journal, 1*(13), 55-57.

Pillania, R. K. (2012). Corporate governance in India: Study of the top 100 firms. *Journal of Applied Economic Sciences, 1*(19), 87-92.

Raja, J., & Kumar, A. S. (2007). SME entrepreneurship, firm performance, and corporate governance practices in Indian service firms. *Journal of Services Research, 7*(2), 99-113.

Randoy, T., & Goel, S. (2003). Ownership structure, founder leadership, and performance in Norwegian SMEs: Implications for financing entrepreneurial opportunities. *Journal of Business Venturing, 18*(5), 619-637. doi:10.1016/S0883-9026(03)00013-2

Renders, A., Gaeremynck, A., & Sercu, P. (2010). Corporate governance ratings and company performance: A cross European study. *Corporate Governance: An International Review, 18*(2), 87–106. doi:10.1111/j.1467-8683.2010.00791.x

Sachdeva, G. (2014). Corporate governance, concepts and practices: A survey. *The International Journal of Business & Management, 2*(2), 51-60.

Sanan, N. (2011). Corporate governance in public and private sector enterprises: Evidence from India. *The IUP Journal of Corporate Governance, 10*(4), 37-59.

Saravanan, P. (2012). Corporate governance and company performance: A study with reference to manufacturing firms in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2063677&download=yes

Sarkar, J., Sarkar, S., & Sen, K. (2012). A corporate governance index for large listed companies in India. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2055091&download=yes

Sengur, E. D. (2011). Do corporate governance index companies outperform others? Evidence from Turkey. *International Journal of Business and Social Science, 2*(14), 254-260.

Shan, Y. G., & McIver, R. P. (2011). Corporate governance mechanisms and financial performance in China: Panel data evidence on listed non-financial companies. *Asia Pacific Business Review, 17*(3), 301-324. doi:10.1080/13602380903522325

Sharma, J. P., & Sachdeva, G. (2011). Corporate governance in India: Investors' perspective. *Indian Journal of Corporate Governance, 4*(2), 1-14.

Sharma, P. K. (2013). Corporate governance - A comparative study of two major industries of India. *International Journal of Governance, 3*(2), 1-15.

Sharma, R., & Singh, F. (2009). Voluntary corporate governance disclosure: A study of selected companies in India. *The Icfai University Journal of Corporate Governance, 8*(3/4), 91-108.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance, 52*(2), 737-783. doi:10.1111/j.1540-6261.1997.tb04820.x

Shukla, H. J. (2009). Corporate governance and Indian FMCG industry. *The Icfai University Journal of Corporate Governance, 8*(1), 43-63.

Srinivasan, P., & Srinivasan, V. (2011). Status of corporate governance research on India: An exploratory study. Retrieved from http://papers.ssrn.com/sol3/ papers.cfm? abstract_id=2121141

Surendar, G., & Rao, S. K. (2011). Retail investor's perception towards corporate governance – A study of selected cities. *International Journal of Research in Commerce, IT and Management, 1*(1), 44-49.

Tariq, Y. B., & Butt, S. A. (2008). Impact of corporate governance practices on financial performance: Empirical evidence from Pakistan. Retrieved from http://papers.ssrn. com /sol3/papers.cfm?abstract_id=1648547

Turnbull, S. (1997). Corporate governance: Its scope, concerns and theories. *Corporate Governance: An International Review, 5*(4), 180-205. doi:10.1111/1467-8683.00061

Uadiale, O. M. (2010). The impact of board structure on corporate financial performance in Nigeria. *International Journal of Business and Management, 5*(10), 155-166. doi:10.5539/ijbm.v5n10p155

Varshney, P., Kaul, V. K., & Vasal, V. K. (2012). Corporate governance index and firm performance: Empirical evidence from India. Retrieved from http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2103462

Wallace, J. S. (2003). Value maximization and stakeholder theory: Compatible or not. *Journal of Applied Corporate Finance, 15*(3), 120-127. doi:10.1111/j.1745-6622. 2003.tb00466.x

Yammeesri, J., & Herath, S. K. (2010). Board characteristics and corporate value: Evidence from Thailand. *Corporate Governance, 10*(3), 279-292. doi:10.1108/14720701011 051910

Yasser, Q. R., Entebang, H., & Mansor, S. A. (2011). Corporate governance and firm performance in Pakistan: The case of Karachi Stock Exchange (KSE)-30. *Journal of Economics and International Finance, 3*(8), 482-491.

Yoo, T., & Jung, D. K. (2015). Corporate governance change and performance: The roles of traditional mechanisms in France and South Korea. *Scandinavian Journal of Management, 31*(1), 40-53. doi:10.1016/j.scaman.2014.08.005

Yusoff, W. F. W., & Alhaji, I. A. (2012). Corporate governance and firm performance of listed companies in Malaysia. *Trends and Development in Management Studies, 1*(1), 43-65.

REPORTS/DOCUMENTS

Cadbury, A. (1992). *The committee on the financial aspects of corporate governance.* London: Gee and Company. Retrieved from http://www.ecgi.org/codes/ documents/ cadbury.pdf

Cannell, J. M. (2004). *Corporate governance in the electric utility industry: An assessment of investor perceptions.* United States of America: Edison Electric Institute and the Wall Street Advisory Group. Retrieved from http://www.jmcannell.com/documents/ Corporate -Governance-Study-conclusions.pdf

Confederation of Indian Industry, & Institutional Investors Advisory Service. (2012). *Institutional investors - Driving force for corporate governance: A survey.* Retrieved from http://www.iias.in/downloads/CII_IIAS_Institutional_ Investor_ Survey.pdf

Confederation of Indian Industry. (1998). *Desirable corporate governance: A code.* Retrieved from http://www.nfcgindia.org/library/ciicode.pdf

Infosys Limited. (2005-06). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-06.pdf

Infosys Limited. (2006-07). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-07.pdf

Infosys Limited. (2007-08). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-08.pdf

Infosys Limited. (2008-09). *Annual Report.* Retrieved from http://www.infosys.com /investors/reports-filings/annual-report/annual/Documents/Infosys-AR-09.pdf

Infosys Limited. (2009-10). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-10.pdf

Infosys Limited. (2010-11). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/AR-2011/pdf/Infosys-AR-11.pdf

Infosys Limited. (2011-12). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/documents/infosys-ar-12.pdf

Infosys Limited. (2012-13). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-13.pdf

Infosys Limited. (2013-14). *Annual Report.* Retrieved from http://www.infosys.com/ investors/reports-filings/annual-report/annual/Documents/Infosys-AR-14.pdf

Institute of Company Secretaries of India. (2014). *Corporate governance clause 49 of listing agreement vis-à-vis Companies Act, 2013.* New Delhi, India: ICSI House.

ITC Limited. (2005-06). *Annual Report.* Retrieved from http://www.itcportal.com /about-itc/shareholder-value/annual-reports/itc-annual-report-2006/pdfs/Main _Acc_06.pdf

ITC Limited. (2006-07). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2007/images/ITC_AR_07.pdf

ITC Limited. (2007-08). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2008/pdfs/ITC-Annual-Report-2008.pdf

ITC Limited. (2008-09). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2009/pdfs/ITC-Annual-Report-2009.pdf

ITC Limited. (2009-10). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2010/pdfs/ITC-annual-report-2010.pdf

ITC Limited. (2010-11). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2011/pdfs/REPORT-ACCOUNTS-2011.pdf

ITC Limited. (2011-12). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2012/pdf/report-accounts-2012.pdf

ITC Limited. (2012-13). *Annual Report.* Retrieved from http://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2013/pdf/report-accounts-2013.pdf

ITC Limited. (2013-14). *Annual Report.* Retrieved from http://itcportal.mobi/about-itc/shareholder-value/annual-reports/itc-annual-report-2014/index.aspx

Khanna, V., & Zyla, R. (2012). *Survey says...Corporate governance matters to investors in emerging market companies.* Washington, D. C.: International Finance Corporation. Retrieved from http://www.ifc.org/wps/wcm/connect/dbfd8b004afe7d69bcb6bdb94e6f4d75/IFC_EMI_Survey_web.pdf?MOD=AJPERES

McKinsey & Company. (2002). *Global Investor Opinion Survey: Key Findings.* Retrieved from http://www.eiod.org/uploads/Publications/Pdf/II-Rp-4-1.pdf

OECD. (2003). *White paper on corporate governance in Asia.* France: OECD Publications. Retrieved from www.oecd.org/corporate/ca/corporategovernance principles/25778905.pdf

OECD. (2004). *OECD Principles of Corporate Governance 2004.* Paris: OECD Publications. Retrieved from http://www.oecd.org/corporate/ca/corporate governanceprinciples/ 31557724.pdf

OECD. (2014). *Corporate governance in Asia: Asian roundtable on corporate governance.* Paris, France: Corporate Affairs Division OECD. Retrieved from http://www. oecd.org/daf/ca/48806174.pdf

Oil and Natural Gas Corporation Limited. (2005-06). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/connect/ongcindia/home/performance/an nual_reports/pg_annual_reports_05-06

Oil and Natural Gas Corporation Limited. (2006-07). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/annual_report06_07. pdf

Oil and Natural Gas Corporation Limited. (2007-08). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/AnnualReport2007_ 08.pdf

Oil and Natural Gas Corporation Limited. (2008-09). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/Annual_Report_200 8_09.pdf

Oil and Natural Gas Corporation Limited. (2009-10). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/Annual_Report_200 910.pdf

Oil and Natural Gas Corporation Limited. (2010-11). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/PDF/AnnualReport/ONGC_Annual_Re port_10-11.pdf

Oil and Natural Gas Corporation Limited. (2011-12). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/OngcHTML/Annual_Report_2011-12/Annual_Report_2011-12.html

Oil and Natural Gas Corporation Limited. (2012-13). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/OngcHTML/Annual_Report_2012_13/ Annual_Report_2012_13.pdf

Oil and Natural Gas Corporation Limited. (2013-14). *Annual Report.* Retrieved from http://www.ongcindia.com/wps/wcm/connect/9dc2be96-3850-44fa-bc07-0aab5f155a2e/Annual+Report+Final.pdf?MOD=AJPERES&CACHEID=9dc2be96-3850-44fa-bc07-0aab5f155a2e

Reliance Industries Limited. (2005-06). *Annual Report.* Retrieved from http://ril.com/getattachment/8acdd076-35b6-4b8c-8cc0-84d1ea793b19/AnnualReport_2005-06.aspx

Reliance Industries Limited. (2006-07). *Annual Report.* Retrieved from http://www.ril.com/getattachment/8fe29a35-4536-4ff6-aab0-f8830c5275b0/ AnnualReport_2006-07.aspx

Reliance Industries Limited. (2007-08). *Annual Report.* Retrieved from http://www.ril.com/getattachment/d541de4c-43a7-4765-9d3d-6f16bcd490de/ AnnualReport_2007-08.aspx

Reliance Industries Limited. (2008-09). *Annual Report.* Retrieved from http://www.ril.com/getattachment/ef52b986-c8dc-4b2c-9da7-21651b396cdd/ AnnualReport_2008-09.aspx

Reliance Industries Limited. (2009-10). *Annual Report.* Retrieved from http://www.ril.com/getattachment/b416d02a-1f1b-42c6-9578-d5d9824647e5/ AnnualReport_2009-10.aspx

Reliance Industries Limited. (2010-11). *Annual Report.* Retrieved from http://www.ril.com/getattachment/f6700296-6493-47bc-a249-c144d1b6be88/ AnnualReport_2010-11.aspx

Reliance Industries Limited. (2011-12). *Annual Report.* Retrieved from http://www.ril.com/getattachment/7a5e5c06-f63a-4296-bb43-debb074fbada/ AnnualReport_2011-12.aspx

Reliance Industries Limited. (2012-13). *Annual Report.* Retrieved from http://www.ril.com/getattachment/14066af0-f5b6-46ed-9370-7386fa924b12/AnnualReport_2012-13.aspx

Reliance Industries Limited. (2013-14). *Annual Report.* Retrieved from http://www.ril.com/getattachment/7b7a9d94-f301-45ab-8d34-baf30ee44160/AnnualReport_2013_14.as px

SEBI. (2003). *Report of the SEBI committee on corporate governance.* Mumbai: SEBI. Retrieved from www.sebi.gov.in/commreport/corpgov.pdf

Tata Consultancy Services Limited. (2005-06). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2005-2006.pdf

Tata Consultancy Services Limited. (2006-07). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2006-2007.pdf

Tata Consultancy Services Limited. (2007-08). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2007_2008.PDF

Tata Consultancy Services Limited. (2008-09). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2008-2009.PDF

Tata Consultancy Services Limited. (2009-10). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2009-2010.PDF

Tata Consultancy Services Limited. (2010-11). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2010-2011.PDF

Tata Consultancy Services Limited. (2011-12). *Annual Report.* Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2011-2012.pdf

Tata Consultancy Services Limited. (2012-13). *Annual Report*. Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2012-2013.pdf

Tata Consultancy Services Limited. (2013-14). *Annual Report*. Retrieved from http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2013-2014.pdf

Tsui, J., & Gul, F. A. (2003). *Consultancy on a Survey on International Institutional Investors' Attitudes towards Corporate Governance Standards in Hong Kong in connection with the Corporate Governance Review* (CPS Ref: AC-1530). Hong Kong: CityU Professional Services Ltd. Retrieved from http://www.cr.gov.hk/ en/standing/docs/attitude_e.pdf

OTHER ONLINE SOURCES

Indo Asian News Service. (2014, November 29). India overtakes China in corporate governance rankings. *The Times of India*. Retrieved from http://timesofindia.indiatimes.com/business/india-business/India-overtakes-China-in-corporate-governancerankings/articleshow/45317325.cms

Trochim, W. M. K. (2006). Introduction to validity. Retrieved from www.socialresearch methods.net/kb/introval.php.

Wikipedia. (n.d.). Stakeholder Theory. Retrieved from https://en.wikipedia.org/wiki /Stakeholder_theory#/media/File:Stakeholder_(en).png

WEBSITES

www.books.google.co.in

www.bseindia.com

www.corpgov.net

www.dca.org

www.infosys.com

www.itc.com

www.mca.gov.in

www.moneycontrol.com

www.moneycontrol.com

www.nseindia.com

www.oecd.org

www.ongc.com

www.ril.com

www.sebi.org.in

www.ssrn.com

www.tcs.com

www.wikipedia.org

www.worldbank.org

APPENDICES

Annexure - I

List of BSE Sensex Companies with Market Capitalization

S.No.	Companies	Industry	Market Capitalization as on 26 September, 2014 (in Crores)
1.	Tata Consultancy Services Ltd.	Information Technology	525497.34
2.	Oil and Natural Gas Corporation Ltd.	Oil and Gas	352657.30
3.	Reliance Industries Ltd.	Oil and Gas	301948.82
4.	ITC Ltd.	FMCG	296442.94
5.	Coal India Ltd.	Metals and Mining	219809..48
6.	Infosys Ltd.	Information Technology	211387.82
7.	HDFC Bank Ltd.	Banking	210296.22
8.	State Bank of India	Banking	182380.34
9.	ICICI Bank Ltd.	Banking	171031.83
10.	Sun Pharmaceutical Industries Ltd.	Pharmaceuticals	167158.81
11.	Housing Development Finance Corp. Ltd.	Housing Finance	162808.09
12.	Hindustan Unilever Ltd.	FMCG	162712.15
13.	Bharati Airtel Ltd.	Telecommunications	161914.69
14.	WIPRO Ltd.	Information Technology	144619.51
15.	Tata Motors Ltd.	Automotive/Automobiles	137789.14
16.	Larsen & Toubro Ltd.	Construction and Engineering	137021.06
17.	NTPC Ltd.	Power	114900.55
18.	Axis Bank Ltd.	Banking	91931.81
19.	Maruti Suzuki India Ltd.	Automotive/Automobiles	91688.85
20.	Mahindra & Mahindra Ltd.	Automotive/Automobiles	86558.54
21.	Sesa Sterlite Limited	Iron and Steel	81528.55
22.	Bajaj Auto Ltd.	Automotive/Automobiles	67625.07
23.	Gail (India) Ltd.	Oil and Gas	56263.32
24.	Dr. Reddy's Laboratories Ltd.	Pharmaceuticals	54958.05
25.	Bharat Heavy Electricals Ltd.	Electrical Equipment	50236.99
26.	Cipla Ltd.	Pharmaceuticals	49098.64
27.	Tata Steel Ltd.	Steel	46055.03
28.	Hindalco Industries Ltd.	Metals and Mining	32501.53
29.	Tata Power Co. Ltd.	Power	22799.99
30.	Hetro Moto Corp Ltd.	Automotive/Automobiles	57386.19

Source: www.bseindia.com

Annexure – II

QUESTIONNAIRE FOR PERCEPTION OF CORPORATE GOVERNANCE

DEPARTMENT OF COMMERCE

ALIGARH MUSLIM UNIVERSITY

ALIGARH, U.P. (INDIA)

Respected Sir/Madam,

I would like to bring to your kind notice that I am doing Ph.D. on the topic entitled **"Corporate Governance Practices of Corporate Sector in India: A Case Study of Selected Indian Companies"**. The objective of this research is to know the perception of investors towards corporate governance practices followed by the companies. The aim of this survey is to know your demographic profile, the awareness of concept of corporate governance and the perception towards corporate governance practices followed by the companies. Information collected here will used to understand actual level of corporate governance. This understanding will provide a knowledge base which can be used to create effective corporate governance and thereby improve the performance of the company.

The information in this survey will be used only for the academic/research purpose and would be kept confidential. You are kindly requested to extend your cooperation to fill the questionnaire enclosed herewith. Your cooperation in this regard will be highly appreciated.

Nidhi Tyagi
Research Scholar
Department of Commerce
Aligarh Muslim University
Aligarh (U.P.) – 202002

Instructions: You are kindly requested to focus only on one company while filling the questionnaire and put tick mark (√) in the appropriate space given below

Section: A (Demographic Information)

1. Name of the respondent:
2. Age (in years): a) 25-35 ( ) b) 36-45 ( ) c) 46-55 ( ) d) 56 and above ( )
3. Gender: a) Male ( ) b) Female ( )
4. Educational Qualification: a) X^{th} or below ( ) b) Graduate ( ) c) Post Graduate ( )
   d) Doctorate ( ) e) Professional Qualification ( ) (please specify______)
5. Occupation: a) Businessmen ( ) b) Government Employee ( ) c) Private Employees ( )
   d) Profession ( ) e) Agriculture ( )
6. Name of the company in which you have invested (Please focus only on one company):
   a) Tata Consultancy Services Ltd. ( ) b) Oil and Natural Gas Corporation Ltd. ( )
   c) Reliance Industries Ltd. ( ) d) ITC Ltd. ( )
   e) Infosys Ltd. ( )
7. Years of experience in investing in the stock market:
   a) Less than 1 year ( ) b) 1-3 Years ( ) c) 3-5 Years ( )
   d) 5-10 Years ( ) e) More than 10 years ( )

Section: B (Investment Pattern)

8. To what extent do you agree that the following business goals are important while making an investment?

S.No.	Business Goal	Not at all important	Slightly important	Moderately important	Very important	Extremely important
1.	Safety of Amount Invested					
2.	Regular Income in the form of Investment					
3.	Higher Returns					
4.	Capital Appreciation					
5.	Liquidity					

9. How much of the following sources of investment advice you use while making decision for an investment?

S.No.	Investment Advice Sources	Never	Rarely	Sometimes	Often	Always
1.	Own Research					
2.	Financial Advisors on television, radio, websites, or blogs.					
3.	Family, Friends and Colleagues Advice					
4.	Broker Advice					
5.	Social Media (e.g. Twitter, Facebook, etc.)					

10. How important are the following criteria while making your investment decisions?

S.No.	Investment Criteria	Not at all important	Slightly important	Moderately important	Very important	Extremely important
1.	Market Share					
2.	Stock Performance					
3.	Sound Corporate Governance					
4.	Competitive Position					
5.	Reputation of Promoter/CEO					
6.	Quality of Financial Reporting					

Section: C (Awareness of Corporate Governance)

11. To what an extent do you agree that the following statements explain the meaning of corporate governance?

S.No.	Statements	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
1.	Ensuring that the companies are being run in the desired direction efficiently and ethically.					
2.	Holding the people accountable who controls the affairs of the company.					
3.	It is about separating governance from management.					
4.	It is concerned with the moral development of a corporation.					
5.	It is about ensuring disclosure and transparency.					

12. To what an extent do you agree that the following statements describe the objectives of corporate governance?

S.No.	Statements	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
1.	To ensure compliance with laws related to corporate governance.					
2.	To ensure investors' protection via prevention of financial bungling and frauds.					
3.	To ensure the performance of the company well above the industry average.					
4.	To evaluate the performance of the top management team.					
5.	To ensure that the company meets its social responsibilities					

Part: D (Perception towards Corporate Governance)

13. To what extent do you agree with the following statements?

S. No.	Statements	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
	Discipline					
1.	Does the company clearly state their Core Business activity?					
2.	Does your Company's mission statement clearly places a priority on good corporate governance?					
3.	Do you agree with the inclusion of corporate governance report as a separate section in the annual report of the company?					
4.	Do you agree that the formation of Ethics Committee is important to look into Unfair Practices?					
5.	Is the Audit Committee formed by the Company effective and independent?					
6.	Do you agree that the Chairman and CEO to be the same person?					
	Disclosure and Transparency					
7.	Does the Company have an English language website where results and other announcements are updated promptly?					
8.	Are the financial statements disclosed by the company are timely and informative?					
9.	Are the details of the Special resolution passed properly disclosed by the company?					
10.	*Does Company consistently disclose* major and market sensitive information?					
11.	Does the company resolve the shareholders grievances within 7 – 10 working days?					
	Shareholder Rights					
12.	Does the company officially announce the date and venue of the Annual General Meeting (AGM)?					
13.	Are you provided with the adequate information on the agenda items of the AGM?					
14.	Is adequate time given for asking questions and placing issues in the AGM?					
15.	Does the company sent the minutes of the meeting?					
16.	Do you agree that the public announcement should take place within 2 working days of post meeting?					

17.	Does the company make extensive disclosure of shareholder rights?					
18.	Are the dividend and dividend payment policies transparent?					
19.	Are dividends distributed according to the policies of the company in a timely manner?					
Corporate Governance Effectiveness						
20.	Is information disclosed in Corporate Governance Reports reliable?					
21.	Do Corporate Governance reports disclose adequate information?					
22.	Do you think that companies with good corporate governance practices can earn higher shareholder returns?					
23.	Are the corporate governance practices of your investee company better than other Exchange-listed companies?					
24.	Do you think that Companies Act 2013 will be effective in improving the Corporate Governance practices of the company?					

14. Any Suggestions

....
....
....

Thanks

Annexure – III

Criterion for Computation of Corporate Governance Score

S.No.		Corporate Governance Parameters	Score Assigned	
1.		Statement of Company's Philosophy on Code of Governance		2
2.		Structure and Strength of Board		2
3.		Chairman & CEO Duality	(Max)⇒	5
	i	Promoter Executive Chairman-cum-MD/CEO	1	
	ii	Non Promoter Executive Chairman-cum-MD/CEO	2	
	iii	Promoter Non Executive Chairman	3	
	iv	Non Promoter Non Executive Chairman	4	
	v	Non Executive Independent Chairman	5	
4.		Disclosure of Tenure and Age limit of directors		2
5.		Disclosure of :		3
	i	Definition of Independent Director	1	
	ii	Definition of Financial Expert	1	
	iii	Selection criteria of Board of Directors, including Independent Directors	1	
6.		Post-board meeting follow up system and compliance of the board procedures		2
7.		Appointment of lead Independent Director		2
8.		Disclosure of other provisions as to the boards and committees		1
9.		Disclosure of:		2
	i	Remuneration Policy	1	
	ii	Remuneration of directors	1	
10.		Code of Conduct:		2
	i	Information on code of conduct	1	
	ii	Affirmation of compliance	1	
11.		Board Committees:		
	A	Audit committee:		8
	i	Transparency in composition of audit committee	1	
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	
	iv	Information about literacy and expertise of committee members	1	
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	
	vi	Disclosure of audit committee charter and terms of reference	1	
	vii	Publishing of audit committee report	1	
	B	Remuneration/compensation committee:		6
	i	Formation of the committee	1	
	ii	Information about number of committee meetings	1	
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	
	iv	Compliance of the provision of independent director as chairman of the committee	1	
	v	Information about participation of all members in the committee meeting	1	
	vi	Publishing of committee report	1	
	C	Shareholders'/investors grievance committee:		5

	i	Transparency in composition of the committee	1	
	ii	Information about nature of complaints and queries received and disposed – item wise	1	
	iii	Information about number of committee meetings	1	
	iv	Information about action taken and investors/ shareholders survey	1	
	v	Publishing of Committee report	1	
	D	Nomination Committee:		2
	i	Formation of the Committee	1	
	ii	Publishing of committee charter and report	1	
	E	Health, Safety and Environment Committee		1
	F	Ethics and Compliance Committee		1
	G	Investment Committee		1
	H	Share Transfer Committee		1
12.	Disclosure and Transparency			**25**
	a	Significant related party transactions having potential conflicts with the interest of the company	2	
	b	Non Compliance related to capital market matters during last three years	2	
	c	Accounting treatment	2	
	d	Board Disclosure - Risk Management		
		i) Information to the board on Risk Management	2	
		ii) Publishing of Risk Management Report	1	
	e	Management Discussion and Analysis	2	
	f	Shareholders' Information		
		i) Appointment of new director / re appointment of existing director	1	
		ii) Quarterly results and Presentation	1	
		iii) Share Transfers	1	
		iv) Directors Responsibility Statement	1	
	g	Shareholder Rights	2	
	h	Audit Qualification	2	
	I	Training of Board Members	2	
	j	Evaluation of Non-Executive Directors	2	
	k	Whistle Blower Policy	2	
13.	General Body Meetings			3
	i	Location and time of general meetings held in last three years	1	
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	
14.	Means of communication and General shareholder Information			**2**
15.	CEO / CFO Certification			**2**
16.	Compliance of Corporate Governance and Auditors' Certificate		**(Max)**	**10**
	i	Clean Certificate from Auditor	10	
	ii	Qualified Certificate from auditors	5	
17.	Disclosure of Stakeholders' interests :			**10**
	i	Environment, Health & Safety Measures (EHS)	2	
	ii	Human Resource Development Initiative (HRD)	2	
	iii	Corporate Social Responsibility (CSR)	2	
	iv	Industrial Relation (IR)	2	
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	
		TOTAL		**100**

Source: Prior Studies

Comparison of New Clause 49 with Old Clause 49 and Companies Act, 2013

Old Clause 49 (2004)	Difference in New Clause 49 and Old Clause 49	Companies Act, 2013	Comparison of New Clause 49 with Companies Act, 2013
Board of Directors			
Clause 49 (I) (A)(i)/(ii)- Composition of Board	New Clause 49 requires that the Board should have at least one women director. Otherwise, no change.	Section 149	Section 149 prescribes maximum board size of 15 directors. This can be increased only by company passing a special resolution. New Clause 49 doesn't deal with this. Section 149 requires that at least one director should have stayed in India for 182 days or more in the previous calendar year. New Clause 49 is silent on this issue. New Clause 49 deals with composition of Board-proportion of executive and non-executive directors. Companies Act, 2013 is silent on this issue.
Clause 49 (I) (A)(iii)/(iv)- Definition of Independent Director	Changes made to align Clause 49 with Companies Act, 2013. Under New clause 49, Nominee Director shall not be regarded as an ID.	Section 149 (6) - Definition of Independent Director	Definitions same except the following differences: (i)New Clause 49 provides that ID shall be a non-executive director. Section 149 (C) provides that an ID shall be a managing director or whole time director or manager. (ii)New Clause 49 prescribes two additional criteria (a) the director should not be a material supplier, service provider or customer or a lessor or lessee of the company and (b) should not be less than 21 years of age. (iii)Section 149(6) provides that ID shall possess such other qualifications as may be prescribed.
–	New requirement to align Clause 49 with Schedule IV to the Companies Act, 2013.	–	There is no corresponding requirement in the Companies Act, 2013. The Act is silent on this.
–	New requirement to align Clause 49 with Schedule IV to the Companies Act, 2013.	Section 149(10)/ 149(11)	No difference except that New Clause 49 has a transitional provision.

Clause 49(II)(B) (4) – Formal Letter of appointment to IDs	—	New requirement to align Clause 49 with Schedule IV to the Companies Act, 2013.	Para IV(4)/(5)/(6) of Schedule IV to the companies Act, 2013	New Clause 49 requires that Letter of appointment shall be in accordance with the Companies Act, 2013. Schedule IV requires that Letter of appointment should be posted on company's website. New Clause 49 in addition requires that Letter of appointment and detailed profile of ID be posted on company's website and stock exchange's website within one working date from the date of such appointment. Schedule IV doesn't stipulate any time limit. Schedule IV requires the Letter of appointment to be open for inspection at registered office during business hours. New Clause 49 is silent on inspection of Letter of appointment.
Clause 49 (II)(B) (5)– Performance Evaluation of IDs	—	New requirement to align Clause 49 with Schedule IV to the Companies Act, 2013.	Para VIII of Schedule IV to the Companies Act, 2013 – Evaluation mechanism	Both New Clause 49 and Schedule IV provide that performance evaluation shall be entire by with the Board of Directors (excluding director being evaluated) and the evaluation shall be the basis to determine whether to extend the term or continue the ID. In addition, New Clause 49 provides that the Nomination Committee shall lay down the PE criteria and also provides for the disclosure of PE criteria in its Annual Report.
Clause 49 (II)(B) (6)–Separate meetings of the IDs	—	New requirement to align Clause 49 with Schedule IV to the Companies Act, 2013.	Para VII of Schedule IV to the Companies Act, 2013- Separate Meetings	No Difference
Clause 49(II)(B) (7)– Training of IDs	—	New Requirement	—	There is no corresponding requirement in the Companies Act, 2013. The Act is silent on this.
Clause 49(II)(C) – Non-Executive Directors' compensation and	Clause 49(II)(B) – Non-Executive	No Change	—	There is no corresponding requirement in the Companies Act, 2013. The Act is silent on this.

Directors' compensation and disclosures			
Clause 49 (II)(C) - Other provisions as to Board and Committees	Requirement introduced for Succession planning for appointments to Board and senior management. Otherwise, no change.	Section 173(1) of the Companies Act, 2013	Both New Clause 49 and the Act provide for 4 Board meetings in a year with not more than 120 days gap between 2 board meetings. New Clause 49 stipulates (i) limit on director's membership of committees; (ii) periodic review of compliance of laws by board;(iii) time-bound filling of vacancies caused by resignation/ removal of IDs; (iv) succession planning of appointments to Board and senior management. Companies Act, 2013 is silent on these matters.
Clause 49 (II)(D) - Code of Conduct	Changes consequential to Companies Act, 2013.	Schedule IV- Code for Independent Directors	Schedule IV to the Companies Act provides a Code of Conduct only for IDs, New Clause 49 requires the Board to frame a Code for all directors.
—	New requirement introduced in view of Companies Act, 2013 making it mandatory for listed companies to have a 'vigil mechanism'. It was a non-mandatory requirement under Clause 49.	Section 177(9)/(10) of the Companies Act, 2013	New requirement introduced in view of Companies Act, 2013 making it mandatory for listed companies to have a 'vigil mechanism'. Section 177(9) only provides that vigil mechanism shall provide for employees to report their genuine concerns. New Clause 49 provides that concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Otherwise, there is no difference between Revised clause 49 and Section 177.
Audit Committee			
Clause 49(II) – Audit Committee	No change except that role of audit committee will cover the following additional aspects: (i)Review and monitor auditor's independence and performance	Section 177 of the Companies Act, 2013	New Clause 49 requirements on composition of Audit committee are stricter than the Act. Listed companies should ensure that thirds of the members of audit committee are independent directors to avoid violation of either Clause 49 or section 177.

		(ii)Approval of any subsequent modification of transactions of the company with related parties. (iii)Scrutiny of inter-corporate loans and investments. (iv)Valuation of undertakings and assets where necessary. (v)Valuation of internal financial controls and risk management systems.		New Clause 49 requirements on financial literacy of members are stricter than the Companies Act, 2013. Section 177 of the Act are much stricter than New Clause 49 on attendance of statutory auditors at audit committee meetings.
Nomination and Remuneration Committee				
Clause 49(IV) – Nomination and Remuneration Committee (NRC)	It was a non-mandatory requirement.	New mandatory requirement introduced in view of Companies Act, 2013 making it mandatory for listed companies to set up NRCs.	Section 178 of the Companies Act, 2013 - Nomination and Remuneration Committee	New requirement introduced in view of Companies Act, 2013 making it mandatory for listed companies to set up NRCs. New Clause 49 provides that Chairman of the NRC shall be an ID. Section 178 is silent on this. New Clause 49 envisages that the role of the committee shall *inter alia* include (i)formulation of criteria for evaluation of IDs and the Board (ii)Devising a policy on Board Diversity. Section 178 is silent on this. Section 178 makes it obligatory for chairman of NRC or in his absence any other member of the committee authorized in this behalf shall attend the general meetings. New Clause 49 makes it discretionary for chairman to attend AGM.
Subsidiary Companies				
Clause 49(V) – Subsidiary Companies	Clause 49(III) – Subsidiary Companies	New Requirements: Special resolution required by Clause 49 for: (i)Desubsidiarisation of material subsidiary: Disposal of shares in material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or	—	There is no corresponding requirement in the Companies Act, 2013. New Clause 49 does not define the expressions 'holding company', 'subsidiary company', 'free reserves', 'net worth', 'paid-up capital'. All these expressions are defined by the Companies Act, 2013.

		cease the exercise of control over the subsidiary. (ii)Sale of more than 20% of assets of material subsidiary – *Selling, disposing and leasing of assets of material subsidiary.*		
Risk Management				
Clause 49(VI) – Risk Management	Clause 49(IV)(C) – Board Disclosures - Risk Management	Top 100 listed companies by market cap as the end of immediate previous financial year required to constitute a Risk Management Committee. Otherwise no change.	Section 134(3) of the Companies Act, 2013	Section 134(3) of the Companies Act, 2013 provides that there shall be attached to every financial statement laid before a company in general meeting, a report by its Board of Directors. The Board's report shall *inter alia* include "a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company". The Act does not obligate the company to frame and implement a risk management plan. It only requires disclosures in this regard. However, New Clause 49 requires the listed companies to frame, implement and monitor the risk management plan for the company.
Related Party Transactions				
Part VIII – Related Party Transactions	Para IV(A) – Disclosures of Basis of Related Party Transactions	New Requirements – 'Related Part Transaction' and "Related Party" defined. All related party transactions shall require prior approval of audit committee. All material related party transactions shall require approval of shareholders by special resolutions and the related parties shall abstain from voting on such resolution.	Section 188(1) of the Companies Act, 2013	New Clause 49 definition of related party transaction is much wider in scope. Section 188(1) of the Act does not cover loan transactions. New Clause 49 would cover even loan transactions. Section 188 of the Act requires consent of Board of Directors by resolution passed at Board meeting. New Clause 49 silent on this aspect. Uniform materiality criteria in New Clause 49 for all related party transactions. Materiality criteria in section 188 is more pragmatic than Clause 49.

		Old Clause 49 only required reporting on material individual transactions with related parties on exception basis to Audit Committee, i.e., Related Party Transactions, RPTs not in ordinary course of business or on Arm's Length basis.		
		Disclosures		
Clause 49(VIII)(A) – Disclosures - Related Party Transactions (RPTs)	Clause 49(III)(A) – Basis of Related Party Transactions	New requirements to disclose all material RPTs quarterly along with compliance report on corporate governance. Disclosure policy on dealing with RPTs on its website and annual report. There was no requirement in old clause 49 to disclose RPTs website in annual report. Requirement was to only disclose RPTs to Audit Committee.	—	There is no corresponding requirement in the Companies Act, 2013.
Clause49(VIII) (B)–Disclosures – Disclosure of Accounting Treatment	Clause49(IV) (B)- Disclosures- Disclosure of Accounting Treatment	No Change	—	There is no corresponding requirement in the Companies Act, 2013.
Clause49(VIII) (C) –Disclosures – Remuneration of Directors	Clause49(IV) (E)- Disclosures– Remuneration of Directors	No Change	—	There is no corresponding requirement in the Companies Act, 2013.
Clause49(VIII) (D)–Disclosures – Management	Clause 49(IV)(F) – Disclosures –	New Requirements: The Code of Conduct for the Board of Directors and the senior management shall be	—	There is no corresponding requirement in the Companies Act, 2013.

Clause49(VIII) (I)–Disclosures–Proceeds from public issues, rights issue, preferential issues, etc.	Clause49(IV) (D)–Disclosures – Proceeds from public issues, rights issue, preferential issues, etc.	No Change	–	There is no corresponding requirement in the Companies Act, 2013.
CEO/CFO Certification				
Clause 49(IX)–CEO/CFO Certification	Clause 49(V) – CEO/CFO Certification	No Change	–	There is no corresponding requirement in the Companies Act, 2013.
Report on Corporate Governance				
Clause49(X)–Report on Corporate Governance	Clause 49(VI) – Report on Corporate Governance	No Change	–	There is no corresponding requirement in the Companies Act, 2013.

Source: Compiled from Anand, S. G. (2014). *Corporate governance: A comprehensive analysis of new clause 49 of listing agreement issued by SEBI on 17-04-2014.* New Delhi, India: Taxmann Publications (P.) Ltd.

Annexure – V

Table A: Corporate Governance Score of Companies for the Year 2005-06

S.No.		Corporate Governance Parameters	TCS	ONGC	RIL	ITC	Infosys
1.		Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2.		Structure and Strength of Board	2	2	2	2	2
3.		Chairman & CEO Duality	3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.		Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5.		Disclosure of :					
	i	Definition of Independent Director	0	0	0	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.		Post-board meeting follow up system and compliance of the board procedures	0	2	2	2	0
7.		Appointment of lead Independent Director	0	0	2	0	2
8.		Disclosure of other provisions as to the boards and committees	1	1	1	1	1
9.		Disclosure of:					
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.		Code of Conduct:					
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.		Board Committees:					
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	0	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	0	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	0	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	0	1	1	1
	v	Information about participation of all members in the	1	0	1	1	1

		committee meeting					
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	0	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	0	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	0
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	1
	H	Share Transfer Committee	0	1	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	0	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	0	2	2	0
	I	Training of Board Members	0	0	2	2	2
	j	Evaluation of Non-Executive Directors	0	0	0	2	2
	k	Whistle Blower Policy	2	0	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	0	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	0	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	0	2	2	2

	iii	Corporate Social Responsibility (CSR)	2	0	0	0	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	0	0	0	2
TOTAL			**69**	**65**	**67**	**77**	**89**

Source: Author's Calculation from the Company's Annual Reports of the year 2005-06.

Table B: Corporate Governance Score of Companies for the Year 2006-07

S.No.		Corporate Governance Parameters	TCS	ONGC	RIL	ITC	Infosys
1.		Statement of Company's Philosophy on Code of Governance	2	2	2	2	2
2.		Structure and Strength of Board	2	2	2	2	2
3.		Chairman & CEO Duality	3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.		Disclosure of Tenure and Age limit of directors	0	2	0	2	2
5.		Disclosure of :					
	i	Definition of Independent Director	0	0	0	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.		Post-board meeting follow up system and compliance of the board procedures	0	2	2	2	0
7.		Appointment of lead Independent Director	0	0	2	0	2
8.		Disclosure of other provisions as to the boards and committees	1	1	1	1	1
9.		Disclosure of:					
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.		Code of Conduct:					
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.		Board Committees:					
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	0	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	0	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	0	1	1	1
	iii	Compliance of minimum requirement of the number of non-	1	1	1	1	1

		executive directors in the committee					
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	0	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	1
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	1
	H	Share Transfer Committee	0	1	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	0	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	0	2	2	2
	j	Evaluation of Non-Executive Directors	0	0	0	2	2
	k	Whistle Blower Policy	2	0	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10

	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
TOTAL			**70**	**76**	**72**	**79**	**90**

Source: Author's Calculation from the Company's Annual Reports of the year 2006-07.

Table C: Corporate Governance Score of Companies for the Year 2007-08

S.No.	Corporate Governance Parameters		TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		0	2	2	2	0
7.	Appointment of lead Independent Director		0	0	2	0	2
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	0	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	0	0	0	1

	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	0
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	1	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	0	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	0	2	2	2
	j	Evaluation of Non-Executive Directors	0	0	0	2	2
	k	Whistle Blower Policy	2	0	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1

14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
TOTAL			**70**	**78**	**73**	**79**	**88**

Source: Author's Calculation from the Company's Annual Reports of the year 2007-08.

Table D: Corporate Governance Score of Companies for the Year 2008-09

S.No.	Corporate Governance Parameters		TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		0	2	2	2	0
7.	Appointment of lead Independent Director		0	0	2	0	2
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1

	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	0	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	1
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	1	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2
	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	0	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1

	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate		.				
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
		TOTAL	**72**	**82**	**75**	**79**	**89**

Source: Author's Calculation from the Company's Annual Reports of the year 2008-09.

Table E: Corporate Governance Score of Companies for the Year 2009-10

S.No.		Corporate Governance Parameters	TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		2	2	2	2	0
7.	Appointment of lead Independent Director		0	0	2	0	2
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of	1	1	1	1	1

		independent directors in the committee					
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	1	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	1	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	0
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	0	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director/re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2

	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	2	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
TOTAL			**74**	**84**	**75**	**80**	**88**

Source: Author's Calculation from the Company's Annual Reports of the year 2009-10.

Table F: Corporate Governance Score of Companies for the Year 2010-11

S.No.	Corporate Governance Parameters		TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		2	2	2	2	0
7.	Appointment of lead Independent Director		0	0	2	0	2
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1

	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	1	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	0	1	1	0	0
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	0	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1

		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2
	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	2	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
		TOTAL	**74**	**84**	**75**	**79**	**88**

Source: Author's Calculation from the Company's Annual Reports of the year 2010-11.

Table G: Corporate Governance Score of Companies for the Year 2011-12

S.No.	**Corporate Governance Parameters**		**TCS**	**ONGC**	**RIL**	**ITC**	**Infosys**
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		0	2	2	2	0
7.	Appointment of lead Independent Director		0	0	2	0	0
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						

	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	1	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	0	0
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	1	1	1	0	0
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	0	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2

	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2
	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	2	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	1
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
		TOTAL	**73**	**84**	**75**	**79**	**86**

Source: Author's Calculation from the Company's Annual Reports of the year 2011-12.

Table H: Corporate Governance Score of Companies for the Year 2012-13

S.No.		Corporate Governance Parameters	TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						
	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the		0	2	2	2	0

	board procedures						
7.	Appointment of lead Independent Director		0	2	2	0	0
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	1	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	1	1
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	0	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	1	1	1	0	1
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	0
	H	Share Transfer Committee	0	0	0	1	1
12.	Disclosure and Transparency						
	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2

	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	0	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2
	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	2	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	0
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
		TOTAL	**73**	**86**	**75**	**80**	**87**

Source: Author's Calculation from the Company's Annual Reports of the year 2012-13.

Table I: Corporate Governance Score of Companies for the Year 2013-14

S.No.		Corporate Governance Parameters	TCS	ONGC	RIL	ITC	Infosys
1.	Statement of Company's Philosophy on Code of Governance		2	2	2	2	2
2.	Structure and Strength of Board		2	2	2	2	2
3.	Chairman & CEO Duality		3	2	1	2	3
	i	Promoter Executive Chairman-cum-MD/CEO					
	ii	Non Promoter Executive Chairman-cum-MD/CEO					
	iii	Promoter Non Executive Chairman					
	iv	Non Promoter Non Executive Chairman					
	v	Non Executive Independent Chairman					
4.	Disclosure of Tenure and Age limit of directors		0	2	0	2	2
5.	Disclosure of :						

	i	Definition of Independent Director	0	0	1	0	1
	ii	Definition of Financial Expert	0	0	0	0	1
	iii	Selection criteria of Board of Directors, including Independent Directors	0	0	0	0	1
6.	Post-board meeting follow up system and compliance of the board procedures		0	2	2	2	0
7.	Appointment of lead Independent Director		0	2	2	0	2
8.	Disclosure of other provisions as to the boards and committees		1	1	1	1	1
9.	Disclosure of:						
	i	Remuneration Policy	1	1	1	1	1
	ii	Remuneration of directors	1	1	1	1	1
10.	Code of Conduct:						
	i	Information on code of conduct	1	1	1	1	1
	ii	Affirmation of compliance	1	1	1	1	1
11.	Board Committees:						
	A	Audit committee:					
	i	Transparency in composition of audit committee	1	1	1	1	1
	ii	Compliance of minimum requirement of the number of independent directors in the committee	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of meetings of the committee	1	1	1	1	1
	iv	Information about literacy and expertise of committee members	0	1	1	1	1
	v	Information about participation of head of finance, statutory auditor and chief internal auditor in the committee meeting	2	2	2	2	0
	vi	Disclosure of audit committee charter and terms of reference	1	1	1	1	1
	vii	Publishing of audit committee report	0	1	0	0	1
	B	Remuneration/compensation committee:					
	i	Formation of the committee	1	1	1	1	1
	ii	Information about number of committee meetings	1	1	1	1	1
	iii	Compliance of minimum requirement of the number of non-executive directors in the committee	1	1	1	1	1
	iv	Compliance of the provision of independent director as chairman of the committee	1	1	1	1	1
	v	Information about participation of all members in the committee meeting	1	1	1	1	1
	vi	Publishing of committee report	0	0	0	0	1
	C	Shareholders'/investors grievance committee:					
	i	Transparency in composition of the committee	1	1	1	1	1
	ii	Information about nature of complaints and queries received and disposed – item wise	0	1	1	1	1
	iii	Information about number of committee meetings	1	1	1	1	1
	iv	Information about action taken and investors/ shareholders survey	0	0	1	1	1
	v	Publishing of Committee report	0	0	0	0	1
	D	Nomination Committee:					
	i	Formation of the Committee	1	0	1	1	1
	ii	Publishing of committee charter and report	0	0	0	0	1
	E	Health, Safety and Environment Committee	1	1	1	0	1
	F	Ethics and Compliance Committee	1	1	0	0	0
	G	Investment Committee	0	0	0	0	1
	H	Share Transfer Committee	0	0	0	1	1
12.	Disclosure and Transparency						

	a	Significant related party transactions having potential conflicts with the interest of the company	2	2	2	2	2
	b	Non Compliance related to capital market matters during last three years	2	2	2	2	2
	c	Accounting treatment	2	2	2	2	2
	d	Board Disclosure - Risk Management					
		i) Information to the board on Risk Management	2	2	2	2	2
		ii) Publishing of Risk Management Report	0	0	0	0	1
	e	Management Discussion and Analysis	2	2	2	2	2
	f	Shareholders' Information					
		i) Appointment of new director / re appointment of existing director	1	1	1	1	1
		ii) Quarterly results and Presentation	1	1	1	1	1
		iii) Share Transfers	1	1	1	1	1
		iv) Directors Responsibility Statement	1	1	1	1	1
	g	Shareholder Rights	2	2	2	2	2
	h	Audit Qualification	0	2	2	2	0
	I	Training of Board Members	0	2	2	2	2
	j	Evaluation of Non-Executive Directors	0	2	0	2	2
	k	Whistle Blower Policy	2	2	2	2	2
13.	General Body Meetings						
	i	Location and time of general meetings held in last three years	1	1	1	1	1
	ii	Details of Special Resolution passed in last three AGMs\EGMs	1	1	1	1	1
	iii	Details of resolution passed last year through postal ballot incl. conducting official and voting process	1	1	1	1	0
14.	Means of communication and General shareholder Information		2	2	2	2	2
15.	CEO / CFO Certification		2	2	2	2	2
16.	Compliance of Corporate Governance and Auditors' Certificate						
	i	Clean Certificate from Auditor	10	10	10	10	10
	ii	Qualified Certificate from auditors					
17.	Disclosure of Stakeholders' interests :						
	i	Environment, Health & Safety Measures (EHS)	2	2	2	2	2
	ii	Human Resource Development Initiative (HRD)	2	2	2	2	2
	iii	Corporate Social Responsibility (CSR)	2	2	2	2	2
	iv	Industrial Relation (IR)	2	2	0	0	2
	v	Disclosure of policies on EHS, HRD, CSR & IR	2	2	0	0	2
		TOTAL	**73**	**86**	**78**	**80**	**90**

Source: Author's Calculation from the Company's Annual Reports of the year 2013-14.

VOLUME NO. 5 (2015), ISSUE NO. 06 (JUNE) ISSN 2231-4245

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

[illegible], EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

[illegible],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of [illegible] & [illegible]

Circulated all over the world & Google has verified that scholars of more than 4255 Cities in 176 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

DOES THE QUALITY OF CORPORATE GOVERNANCE AFFECT THE FINANCIAL PERFORMANCE IN INDIAN IT SECTOR? AN INSIGHT

NIDHI TYAGI
RESEARCH SCHOLAR
ALIGARH MUSLIM UNIVERSITY
ALIGARH

[redacted]

owadays, Corporate Governance has become a major issue as scandals and meltdown of famous organisations create unstableness in the economy in many ›untries. The strong Corporate Governance frameworks are regarded as a mechanism to encourage flexibility and innovation and it also contributes to ıstainable development of companies. The evolution of the information technology function has become important in recent years and it is one of the most gnificant growth contributors for the Indian economy. The Information Technology (IT), and its management plays an extremely important role in the creation ıd maintenance of the well governed company and is one of the major drivers of the current economic environment. Considering the importance of corporate ɔvernance in IT companies, the aim of the paper is to study the impact of corporate governance on financial performance of Indian IT companies listed on NSE ːctoral Index i.e., CNX IT Index. For this purpose, the data are being taken from companies listed on the National Stock Exchange (NSE) for the financial year ͻ12-13. The sample of the study constitutes all the 20 companies of CNX IT Index. The Secondary data has been collected for the financial year 2012-13 in the ırm of Annual Reports of Companies, research papers, articles and various websites. Four corporate governance variables were selected namely: Board Size, oard Independence, CEO Duality, and Audit Committee which served as the independent variables in the study. Moreover, the firm's financial performance as ıeasured by Return on Equity (ROE) is considered as dependent variable. The results of regression analysis reveals that overall corporate governance ıechanisms has a positive impact on the financial performance of IT companies in India.

EYWORDS
oard Size, Board Independence, CEO Duality, Audit Committee, ROE.

NTRODUCTION

In India, the question of Corporate Governance has assumed importance mainly in the wake of economic liberalization, deregulation of industry and businesses, as also the demand for a new corporate ethos and stricter compliance with the legislation. The new economic policy adopted by the Government of India since 1991 has necessitated the demand for the introduction and implementation of a proper corporate governance policy in the ıanagement of companies not only in the interest of their stakeholders but also for the development of the economy. (Das, 2008) The importance of corporate overnance disclosure increased in the last decade because of various corporate scandals and collapses, such as Enron, WorldCom, Satyam, etc. which involved nethical business practices and shook the interests of investors very badly. The reason behind these was the poor governance system which alarmed the uthorities to come up with strict and in depth policy frameworks so as to protect the rights of minority shareholders, creditors and other stakeholders. The trong Corporate Governance frameworks is regarded as a mechanism to encourage flexibility and innovation and it also contributes to sustainable development f companies.

ifferent authors have different meaning regarding the term corporate governance. The area of corporate governance has acquired heightened attention and as become an issue of global significance. The improvement of corporate governance practices is widely recognized as one of the essential elements in trengthening the foundation for the long-term economic performance of countries and corporations (Ibrahim et al, 2010). The concept of corporate governance as been defined as "dealing with the ways in which suppliers of finance to corporations assures themselves of getting a return on their investment". It deals recisely with problems of conflict of interest, design ways to prevent corporate misconduct and aligns the interests of stakeholders using incentive mechanism ihleifer and Vishny, 1997).

he strong Corporate Governance frameworks are regarded as a mechanism to encourage flexibility and innovation and it also contributes to sustainable evelopment of companies. The evolution of the information technology function has become important in recent years and it is one of the most significant rowth contributors for the Indian economy. The Information Technology (IT), and its management plays an extremely important role in the creation and naintenance of the well governed company and is one of the major drivers of the current economic environment. Researchers and business managers consider T a key player and enabler of many corporate objectives including healthy governance to enhance overall performance of the organization.

onsidering the importance of corporate governance in IT companies, the aim of the paper is to study the impact of corporate governance on financial erformance of Indian IT companies listed on NSE Sectoral Index i.e., CNX IT Index.

EVIEW OF LITERATURE

oard Size and Financial Performance

he number of directors constituting the board can influence the firm's performance positively or negatively. The relationship between board size and firm erformance remains inconclusive. Empirical evidence on the relationship between board size and firm performance provided mixed results. Adekunle and ghedo (2014) found that there is positive and significant relationship of board size on financial performance and Gull et al (2013) also found a positive ignificant relationship of Board Size with firm performance as measured by ROE. According to a study undertaken by Chugh et al. (2011) a larger Board Size reates more opportunities and resources for better financial performance.

ontrary to this, a negative relationship between firm performance and board size are evident from the studies undertaken by Yermack (1996), Eisenberg et al. 1998), Denis and McConnell (2003), Andres et al. (2005), and Garg (2007). Further, Ahmadu et al. (2005), Chan and Li (2008), and Mustafa (2009) found that arger boards are associated with poorer performance. Beiner et al. (2004), Bhagat and Black (2002) and Limpaphayom and Connelly (2006) found that there is o significant association between board size and firm performance.

oard Independence and Financial Performance

oard independence has been regarded as one of the important determinants of the ability of boards to protect investors' interests (Fama and Jensen, 1983). here is mixed evidence that independent directors add value and improve the performance of the firm (Garg, 2007). Choi et al. (2007) found the positive effect n the firm performance as a result of having independent directors on the company board. Similarly, Abor and Adjasi (2007) revealed that the presence of utside independent directors on boards enhanced corporate competitiveness and provided new strategic outlooks for the firms. Chan and Li (2008) suggested a avorable link between independent directors and financial performance. Krivogorsky (2006) also supported the positive association between the proportion of ndependent directors to board size and profitability ratios in European firms.

On the other side, Yermack (1996) and Klein (1998) finds that a high percentage of outside directors has a negative effect on firm performance. Gull et al (2013) n their study found that Non-Executive Directors have unfavouarble relationship with firm performance. Hermalin and Weisbach (1991) have found that a high roportion of independent directors does not predict a better future accounting performance. Using accounting measures, Agrawal and Knoeber (1996) found a itive relationship between board independence and firm's performance. Lack of training to function as independent directors and ignorance of the edures, tasks, and responsibilities expected of them could be reasons for the independent directors' non-performance (Garg, 2007).

Duality and Financial Performance

'ar to previous researches on the relationship between the aforementioned two sets of board characteristics and firm performance, the impact of the ration of chief executive officer (CEO) and chairperson of the board (Chairperson) on firm performance measures have yielded conflicting results, according e literature.

:arch which argues against dual roles as they impact negatively on a firm's financial performance, include Fama and Jensen (1983), Rechner and Dalton 1), Jensen (1993), Daily and Dalton (1994), Bai et al. (2004), Ahmadu, et al. (2005), Bhagat and Bolton (2008), Coles et al. (2001), Feng, et al. (2005), Judge, et !003), Kyereboah et al. (2005) and Mustafa (2009). Further, Ehikioya (2009), Gull et al (2013) and Ujunwa (2013) also found that CEO Duality has negative ciation with firm's performance.

)ntrast, Some studies provide evidence of a positive relationship between duality of roles and firm performance. Harjoto and Hoje (2008), Kajola (2008) and :unle and Aghedo (2014) found a positive and statistically significant relationship between performance and separation of board chairman and CEO.

ever, studies by Chaganti et al. (1985); Rechner and Dalton (1989); Daily and Dalton (1992, 1993, 1997); Baliga et al. (1996); and Brickley et al. (1997), peto et al. (2005), Schmid and Zimmermann (2008) and Wan and Ong (2005) found no significant difference in the performance of companies with or out role duality.

of Audit Committee and Financial Performance

establishment of Audit committees has been mandatory in many countries including India. The Cadbury Report (1992) emphasized the importance of audit mittee's structure and membership to effectively accomplish its role. The report stressed that the membership should be of minimum three members. A ficant number of studies mainly took place in Western countries focusing on various dimensions of audit committees. In India, less attention has been given is dimension of corporate governance which also influences the firm's performance.

argued that a larger committee has greater organizational status and authority (Kalbers and Fogarty, 1993; Braiotta, 2000) and a wider knowledge base. ıs et al. (1989) show that firms with larger audit committees are expected to devote greater resources to monitor the process of "reporting" accounting and ıce. Similarly, Anderson et al. (2004) found that large size audit committees can protect and control the process of accounting and finance with respect to l committees by introducing greater transparency with respect to shareholders and creditors which has a positive impact on the financial performance of :ompany.

ızíz (2012) in their study tried to capture the effect of the characteristics of the audit committee on financial performance as measured by Return on Assets ı) and Return on Equity (ROE). The results show that the size of the audit committee has a positive and significant impact on financial performance sured by ROA and ROE.

y researches have been conducted to study the relationship of corporate governance on firm's performance in developed countries as compared to :loping countries. By going through the existing review of literature, it is observed that very less research has been done on the impact of corporate :rnance mechanisms on financial performance of IT Companies especially in context to India. Given this lack of empirical studies, this study fills the gap and ides empirical evidence on the impact of corporate governance mechanisms on financial performance of Indian IT Companies by taking into consideration ıariables related to corporate governance.

IECTIVES OF THE STUDY

objective of the study is to examine the relationship between Corporate Governance and financial Performance of IT Companies in India. Specifically, the of the study is:

To examine the relationship between Board Size and firm's financial performance.
To ascertain the influence of composition of board members on firm's financial performance.
To find out whether or not the CEO Status has an effect on firm's financial performance.
To determine whether the Size of the Audit Committee has an influence on firm's financial performance.

'OTHESES

d on the objectives of the Study and the review of existing literature, the following hypotheses have been framed for testing:

H_1: There is no significant impact of Board Size on Return of Equity of IT companies.
H_2: There is no significant impact of Board Independence on Return of Equity of IT companies.
H_3: There is no significant impact of CEO Duality on Return of Equity of IT companies.
H_4: There is no significant impact of Size of Audit Committee on Return of Equity of IT companies.

THODOLOGY

:arch Design and Sample: This study focuses on evaluating the empirical relationship between Corporate Governance and financial Performance of IT panies listed on CNX IT Index of NSE. The data used for this study is taken from the companies listed on the National Stock Exchange (NSE) for the financial 2012-13. The sample of the study constitutes all the 20 companies of CNX IT Index (Annexure). The Secondary data has been collected for the financial year !-13 in the form of Annual Reports of Companies, research papers, articles and various websites.

'el Specification: Multiple Regression analysis is used to analyze the impact of corporate governance variables on financial performance of IT companies. For purpose, an econometric model is devised to test the relationship of firm's financial performance and the corporate governance variables. The SPSS ware is used in carrying out the necessary computations. The four independent variables are Board size, Board Independence, CEO Duality, and Audit mittee and the firm's financial performance is measured by Return on Equity (ROE) which is a dependent variable. The measurement of the selected ıbles are summarized in Table 1.

TABLE 1: OPERATIONAL DEFINITION OF VARIABLES

Name of Variables	Abbreviations	Measurement
Board Size	BSIZE	Total number of directors on board
Board Independence	BIND	Ratio of independent directors to total number of directors on board.
CEO Duality	CEO	Value one (1) for CEO/Chairman duality and zero (0) if CEO and Chairman are different head.
Audit Committee	AUDCOM	Size of members on Audit Committee
Return on Equity	ROE	$\frac{\text{Profit After Taxes}}{\text{Total Shareholder's Equity}}$

following econometric equation have been formulated for the analysis:

$= \beta_0 + \beta_1 BSIZE + \beta_2 BIND + \beta_3 CEO + \beta_4 AUDCOM + \varepsilon$

ALYSIS AND DISCUSSION

regression analysis provides the following results:

TABLE 2: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.714	.510	.380	12.89776	2.107

Source: Calculated through SPSS Software

n the above Table 2, it can be seen that when explanatory variables (independent variables), viz. Board Size, Board Independence, CEO Duality and Audit mittee were regressed on Return on Equity (ROE) an R^2 value of 0.510 is noticed. Given the value of Adjusted R^2 of 0.380 indicates that the independent ables (Board Size, Board Composition, CEO Status and Audit Committee) explain 38% of the systematic variation in the dependent variable (ROE).

TABLE 3: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2600.767	4	650.192	3.909	.023[a]
	Residual	2495.284	15	166.352		
	Total	5096.051	19			

'edictors: (Constant), AUDCOMP, BIND, BSIZE,CEO
ependent Variable: ROE

Source: Calculated through SPSS

table 3 shows that the value of F is 3.909, with a p value of .023, which is significant at 0.05. This shows that model is significant as p value is less than 0.05. means that there is a significant relationship between the independent variables and the dependent variables as a group.

TABLE 4: COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13.561	21.653		-.626	.541
	BSIZE	-1.551	1.327	-.223	-1.169	.261
	BIND	52.900	24.016	.425	2.203	.044
	CEO	-27.314	7.853	-.684	-3.478	.003
	AUDCOMP	5.200	3.448	.275	1.508	.152

ependent Variable: ROE

Source: Calculated through SPSS Software

regression coefficients of independent variables provides the magnitude and the direction of the relationships with dependent variables. The regression ılts reveal that only Board Independence has a positive and significant impact on ROE whereas CEO Duality has negative impact on financial performance. s, Hypothesis H_2 and H_3 are rejected. However, Board Size and Audit Composition do not have significant impact on ROE as P values are greater than 5%. ıce H_1 and H_4 is accepted.

NCLUSION

study examined the empirical relationship between Corporate Governance and financial Performance of IT Companies listed on CNX IT Index of NSE. The ıple size comprises all the 20 companies of CNX IT Index and financial year 2012-13 is considered for the study. The impact of corporate governance variables ıely Board Size, Board Independence, CEO Duality, and Audit Committee is studied on firm's financial performance as measured by Return on Equity (ROE). finding that the board independence has a positive significant impact on firm's financial performance is congruous to Krivogorsky (2006) and Chan and Li 08). Empirical findings regarding CEO Duality are similar to prior studies conducted by Ehikioya (2009), Gull et al (2013) and Ujunwa (2013), unveiling a ative significant impact on firm's performance. Board Size and Audit Composition do not have significant impact on financial performance of companies. ıificantly, it can be inferred from regression results that overall corporate governance mechanisms has a positive impact on the financial performance of IT ıpanies in India.

AITATIONS OF THE STUDY

: present study is subject to certain limitations such as small sample size which consists of only listed IT companies of CNX IT Index. Only four corporate 'ernance variables is considered in the study and the financial performance is measured through only one measure i.e. ROE. Another limitation is that the e period considered is very short, only financial year 2012-13 is considered.

FERENCES

Abor, J. and Adjasi, C. K. D. (2007). Corporate governance and the small and medium enterprises sector: Theory and implications. *Corporate Governance*, 7(2), 12.

Adekunle, S. A. and Aghedo, E. M. (2014). Corporate Governance and Financial Performance of Selected Quoted Companies in Nigeria. *European Journal of Business and Management*, 6 (6), 53-60.

Agrawal, A. and Knoeber, C. (1996). Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders. *Journal of Financial and Quantitative Analysis*, 31(3), 377-397.

Ahmadu, S., Aminu, M., and Taker, G. (2005). Corporate governance mechanisms and firm financial performance in Nigeria. *African economic research consortium Research*, 149, 173-202.

Anderson, R., Mansi, S., Reeb, D. (2004). Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics*, 37(3), 315-342.

Andres, P., Azofra, V. and Lopez, F. (2005). Corporate boards in OECD countries: size, composition, functioning and effectiveness. *Corporate Governance: An International Review*, 13(2), 197-210.

Bai, C., Liu, Q., Song, F.M. and Zhang, J. (2004). Corporate governance and market valuation in China. *Journal of Comparative Economics*, 32, 599-616.

Baliga, B.R., Moyer, R.C. and Rao, R.S. (1996). CEO duality and firm performance: what's the fuss? *Strategic Management Journal*, 17(1), 41-53.

Baxi, C.V. (2006). The Role of Independent Directors in Corporate Governance. *Asia-Pacific Business Review*, 2(2), 81-86.

Beiner, S., Drobetz,W., Schmid, F. and Zimmermann, H. (2004). Is board size an independent corporate governance mechanism? *Kyklos*, 57(3), 327-356.

Bhagat, S., and Black, B. (2002). The non-correlation between board independence and long-term firm performance. *Journal of Corporation Law*, 27(2), 231-274.

Bouaziz, Z. (2012). The Impact of the Presence of Audit Committees on the Financial Performance of Tunisian Companies. *International Journal of Management & Business Studies*, 2(4), 57-64.

Bouaziz, Z. (2013). The Impact of the Presence of Audit Committees on the Financial Performance of Tunisian Companies. *IJMBS*, 4(2), 57-64.

Braiotta, L. (2000). The Audit Committee Handbook. (3rd Edition). New York: John Wiley and Sons Inc.

Brickley, J., Coles, J. and Jarrell, G. (1997). Leadership structure: separating the CEO and the Chairman of the Board. *Journal of Corporate Finance*, 3(3), 189-220.

Cadbury Committee. (1992). Report of the Committee on the Financial Aspects of Corporate Governance. London: Professional Publishing Ltd.

Carapeto, Maria and Lasfer, Meziane and Machera, Katerina, Does Duality Destroy Value? (January 12, 2005). *Cass Business School Research Paper*. Website: SSRN: http://ssrn.com/abstract=686707

Chaganti, R.S., Mahajan, V. and Sharma, S. (1985). Corporate board size, composition and corporate failures in retailing industry. *Journal of Management Studies*, 22, 400-417.

Chaghadari, M.F. (2011). Corporate Governance and Firm Performance. *IPEDR*, 4, 484-489.

Chan, K.C., and Li, J. (2008). Audit Committee and Firm Value: Evidence on Outside Top Executives as Expert Independent Directors. *Corporate Governance: An International Review*, 16(1), 16-31.

Choi, J. J., Park, S. W. and Yoo, S. S. (2007). The value of outside directors: Evidence from corporate governance reform in Korea. *Journal of Financial and Quantitative Analysis*, 42(4), 941.

Chugh, L. C., Meador, J. W., and Kumar, A. S. (2011). Corporate governance and firm performance: evidence from India. *Journal of Finance & Accountancy*, 7, 1-10.

Coles, J.W., McWilliams, V.B. and Sen, N. (2001). An examination of the relationship of governance mechanisms to performance. *Journal of Management*, 27(1), 23-50.

Daily, C. and Dalton, D. (1992). The relationship between governance structure and corporate performance in entrepreneurial firms. *Journal of Business Venturing*, 7(5), 375-386.

Daily, C. and Dalton, D. (1993). Board of Directors leadership and structure: control and performance implications. *Entrepreneurship Theory and Practice*, 17(3), 65-81.

Daily, C. and Dalton, D. (1994). Corporate governance and the bankrupt firm: An empirical assessment. *Strategic Management Journal*, 15(8), 643-54.

Daily, C. and Dalton, D. (1997). CEO and board chairperson roles held jointly or separately: much ado about nothing. *Academy of Management Executive*, 11(3), 11-20.

Das, S.C. (2008). Corporate Governance Standards and Practices in Reliance Industries Limited. *The ICFAI Journal of Corporate Governance*, 7(3), 46-62.

Denis, D. K., and McConnell, J. J. (2003). International corporate governance. *Journal of Financial and Quantitative Analysis*, 38(1), 1-36.

Ehikioya, B.I. (2009). Corporate governance structure and firm performance in developing economies: evidence from Nigeria. *Corporate Governance*, 9(3), 231-243.

Eisenberg, T., Sundgren, S. and Wells, M.T. (1998). Larger board size and decreasing firm value in small firms. *Journal of Financial Economics*, 48, 35-54.

Fama, E.F. and Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26 (2), 301-25.

Garg, A. K. (2007). Influence of board size and independence on firm performance: A study of Indian companies. *Vikalpa*, 32(3), 39-60.

Gull, A. A., Saeed, A. and Abid, A. (2013). Corporate governance and performance: An empirical evidence from textile sector of Pakistan. *African Journal of Business Management*, 7(22), 2112-2118.

Harjoto, M. A. and Hoje, J. (2008). Board leadership and firm performance. *Journal of International Business & Economics*, 8(3), 143-154.

Hermalin, B.E. and Weisbach, M.S. (1991). The Effects of Board Composition and Direct Incentives on Firm Performance. *Financial Management*. 20(4), 101-112.

Ibrahim, Q., Rehman, R. & Raoof A. (2010). Role of corporate governance in firm performance: A comparative study between chemical and pharmaceutical sector in Pakistan. *International Research Journal of Finance and Economics*, 50, 8-16.

Jensen, M.C. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 48(3), 831-880.

Kajola, S. O. (2008). Corporate governance and firm performance: The case of Nigerian listed firms. *European Journal of Economics, Finance and Administrative Sciences*, 14, 16-28.

Kalbers, L.P., and Fogarty, T.J. (1993). Audit committee effectiveness: An empirical investigation of the contribution of power. *Auditing: A Journal of Practice and Theory*, 12, 24-49.

Karpagam, V. (2013). Impact of Corporate Governance Factors on the Firm Performance of NSE Listed Companies in India. *SMART Journal of Business Management Studies*, 9 (2), 72-87.

Klein, A. (1998). Firm performance and board committee structure. *The Journal of Law and Economics*, 41, 275-303.

Krivogorsky, V. (2006). Ownership, board structure, and performance in continental Europe. *International Journal of Accounting*, 41(2), 176-197.

Limpaphayom, J., and Connelly, P. (2006). Board characteristics and firm performance: evidence from the life insurance industry in Thailand. *Journal of Economics*, 16(2), 101-124.

Mashayekhi, B. and Bazaz, M.S. (2008). Corporate Governance and Firm Performance in Iran. *Journal of Contemporary Accounting & Economics*, 4(2), 156-172.

Mustafa, H., Daud, Z.M. and Muhamad, S. (2009). Corporate governance practices and firms performance: the Malaysian case. *Journal of Money, Investment and Banking*, 11, 45-59.

Neifar, S. and Halioui, K. (2013). Determinants of Corporate Governance Disclosure: The Case of Tunisian Firms Listed on the Tunis Stock Exchange. *International Journal of Finance and Accounting*, 2(3), 174-183.

Pincus, K., M. Rubarsky and J. Wong. (1989). Voluntary Formation of Corporate Audit Committees among NASDAQ Firms. *Journal of Accounting and Public Policy*, 8, 239-265.

Rechner, P. and Dalton, D. (1991). CEO duality and organizational performance: A longitudinal analysis. *Strategic Management Journal*, 12(2), 155-60.

Schmid, M. M. and Zimmermann, H. (2008). Should Chairman and CEO Be Separated? Leadership Structure and Firm Performance in Switzerland, *Schmalenbach Business Review*, 60 (2), 182-204.

Shleifer, A. & R, Vishny. (1997). A Survey of Corporate Governance, *Journal of Finance*, 52 (2), 737-783.

Ujunwa, A., Salami, P.O. and Umar, A.H. (2013). CEO Duality and Firm Performance: An Integration of Institutional Perceptive with Agency Theory. *International Journal of Social, Human Science and Engineering*, 7(1), 97-103.

Wan, D., Ong, C. (2005). Board structure, process and performance: Evidence from public-listed companies in Singapore. *An International Review*, 13(2), 277-290.

Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, 40, 185-211.

EXURE

ANIES OF CNX IT INDEX

S. No.	Companies	Symbol
1	CMC Ltd.	CMC
2	Hexaware Technologies Ltd.	HEXAWARE
3	NIIT Technologies Limited	NIITTECH
4	Polaris Financial Technology Ltd.	POLARIS
5	Rolta India Ltd.	ROLTA
6	Info Edge (India) Limited	NAUKRI
7	MindTree Ltd.	MINDTREE
8	MphasiS Ltd.	MPHASIS
9	Oracle Financial Services Software Limited	OFSS
10	Tata Consultancy Services Limited	TCS
11	Tech Mahindra Limited	TECHM
12	Vakangee Limited	VAKRANGEE
13	Infosys Limited	INFY
14	HCL Technologies Limited	HCLTECH
15	Wipro Limited	WIPRO
16	Cyient Ltd.	CYIENT
17	Just Dial Limited	JUSTDIAL
18	KPIT Technologies Limited	KPIT
19	Persistent Systems Limited	PERSISTENT
20	eClerx Services Limited	ECLERX

Reinventing Module for

Business Management

Lalit Kumar Pant
N. Radhika

First Published, 2014

ISBN : 978-93-81212-56-1

Printed in India:
BHARTI PUBLICATIONS
C-1/181, Nand Nagari, Delhi-110 093
Mobile : 09210047042
E-mail : bhartipublications@gmail.com
info@bharatipublications.com
Website : www.bhartipublications.com

PRINTED IN INDIA

Published by Onkar Bharti for Bharti Publications. Typeset by Gaurav Graphices, Rajouria Printers, Delhi.

56

Corporate Governance Practices in Indian IT Industry: An Empirical Study

*Nidhi Tyagi**

ABSTRACT

The concept of corporate governance gained a lot of momentum in the last two decades especially after the plethora of corporate scams and debacles in the corporate world. The good corporate governance practices has become a necessary prerequisite for any corporation to manage effectively in the globalized market. This paper made an attempt to study the corporate governance practices in IT industry in India. The objective of the paper is to develop a Corporate Governance Index (CGI) of both the companies by taking into consideration the key governance parameters in line with the mandatory and non-mandatory requirements stipulated by the Revised Clause 49 of (SEBI) Listing Agreement; and to compare the Corporate Governance Index (CGI) of Infosys and Wipro. A sample of two IT companies i.e., Infosys Ltd. and Wipro Ltd. is selected to study the corporate governance disclosure practices. The study is mainly based on secondary data that has been collected from the annual reports of Infosys and Wipro for the last five years from FY 2008-09 through 2012-13. Independent sample t-test has been applied to test the significant difference in the disclosure practices of both the companies. It is found that in the last five financial years, the disclosure practices in both the companies i.e., Infosys and Wipro has improved and is the highly rated IT companies in the market in following excellent practice for the corporate governance disclosures. The t-test also indicated that there is no significant difference in the corporate governance practices of Infosys and Wipro.

Keywords: *Corporate Governance, IT industry, Corporate Governance Index (CGI), Clause 49.*

* Research Scholar, Department of Commerce, Aligarh Muslim University, Aligarh, India

Introduction

The concept of corporate governance gained a lot of momentum in the last two decades especially after the plethora of corporate scams and debacles in the corporate world. "Corporate Governance mechanisms are economic and legal institutions that can be altered through the political process – sometimes for the better." – Shleifer & Vishny (1997). The good corporate governance practices has become a necessary prerequisite for any corporation to manage effectively in the globalized market.

Corporate governance is a mechanism which plays very vital role in protecting the interest of various stakeholders. Corporate governance mechanisms include ownership structure, like percentage of institutional shareholders, foreign, external and internal shareholders. It is also concerned with formation of board of directors, like the size of board, percentage of the directors which are nonexecutive and leadership structure of board. Leadership structure means the difference between Chief Executive Officer's duties and authority from that of Chairman of Board (Butt, 2011).

The information technology (IT) industry has emerged as one of the fastest growing industries in India. The Information Technology (IT) sector in India is World class due to the success of India's software industry and contribution of Indians in IT revolution in US. The Indian IT industry has increased at a rate of 35% per year in the last ten years and the share of IT industry in GDP has increased. HCL, Wipro, Infosys and TCS are the major players in IT companies in India.

Infosys is India's second largest IT and consulting company by 2013 revenues and has a global footprint with 68 offices and 70 development centers in US, India, China, Australia, Japan, Middle East, UK, Germany, France, Switzerland, Netherlands, Poland, Canada and many other countries As of March 2013, Infosys had $30.8 billion market capitalization and is India's sixth largest publicly traded company. Infosys offers application development and maintenance, systems integration, package implementation, consulting, design, and re-engineering services and it also offers software products for the banking industry.

Wipro is India's third largest software company by 2013 revenues and has presence in 53 countries and offer services such as Systems Integration, Consulting, Information Systems outsourcing, IT-enabled services, and R&D services. On 31 March 2013, its market capitalisation was $19.8 billion and is India's 13th largest publicly traded company.

In this paper an attempt has been made to identify the disclosure practices followed by these two companies i.e., Infosys and Wipro in the last five years and to see the disclosure is in line with clause 49 of listing agreement.

Literature Review

Needles, B.E. et al (2012) examined and compared the corporate governance practices of Turkish high performance companies (HPCs) and lower performing ordinary companies (ORDs). The sample included 60 companies (30 HPCs and 30 ORDs) that are listed on ISE (Istanbul Stock Exchange) and annual reports for the year 2010 of the selected companies and web pages (investor relations section) were considered. A Corporate Governance Scorecard was developed consisting of 54 key governance parameters. The study found that Turkish companies generally, whether HPC (57.90 %) or ORD (50.68 %), score moderate measures of corporate governance. Also, HPCs in Turkey score higher on the norms of good corporate governance than comparable companies and the differences are statistically significant. The results overall strongly support the proposition that Turkish HPCs apply superior corporate governance practices.

Pillania, R. K. (2012) in his paper studied the corporate governance practices in the top 100 companies in India. The selection of the sample of top 100 companies was based on the Corporate Database Prowess of the Center for Monitoring Indian Economy (CMIE) and also selected based on total revenue over 1990-2008 time periods. For the study, ten year time period have been taken and the data was collected from the annual report and websites of companies. It was found that all companies except 'Satyam' practice corporate governance as said in their annual reports in some form or the other.

Raithatha, M. and Bapat, V. (2012) studied compliance of Corporate Governance requirements by Indian Companies. In the paper, a model was developed to calculate the Corporate Governance Score of companies and it was related to company attributes like size, profitability, leverage, foreign ownership etc. No significant correlation was found between Corporate Governance and company characterists and compliance by Indian Companies were satisfactory. Further, factor analysis of major sub-parameters of Corporate Governance Score, namely Composition of Board, Audit Committee, Number of Board Meetings and Remuneration Committee was done and it was revealed that 'Strength of Committee' and 'Competency level of Board' are two important sub parameters.

Sharma, P.K. (2013) in her study critically examined the need and the practice of corporate governance in the Indian Automobile Sector. The objective was to study the concept of corporate governance and to check the level of compliance of key governance parameters by Auto Sector's companies in India in line with the statutory and non-mandatory requirements stipulated by the Revised Clause 49 of (SEBI) Listing Agreement and also the provisions required by the Companies Act, 1956. The study covered only 12 listed companies of Automobile Sector and collected the data of sample companies over a period of five years (2003-04 to 2007-08. From the analysis, it was found that most of the companies adhere to compliance of mandatory requirements of corporate governance codes and standards as per Clause 49 of Listing agreement. Further by applying t-test, it was concluded that corporate governance scores showed improvement over the years and the reason for this could be that corporate governance implementation has become compulsory after 31st December 2005.

Mitra, M. (2013) highlighted the corporate governance practices followed by Indian Aluminium Industry. The purpose of the study was to study the disclosures and compliances made by some aluminium companies. The study developed a Corporate Governance Index (CG Index); and by using the CG Index, evaluateed the corporate governance standards and practices in aluminium companies, besides assessing the structure and processes of corporate governance practices followed by them. With the publicly available information through the annual reports of the respective companies during 2011 12, it was revealed that the corporate governance standards, practices and quality of disclosures by the Indian Aluminium industry were found to be "Good".

Bhardwaj, N. and Rao, B.R. (2014) investigated the corporate governance practices in Indian firms. Revised Clause 49 of the SEBI guidelines on Corporate Governance was taken as the benchmark for the study and a sample of 50 companies listed on CNX Nifty Index were considered. The results of the study revealed that the mandatory provisions of revised Clause 49 were followed by most of the companies.

Objectives of the Study

1. To develop Corporate Governance Index for Infosys and Wipro.
2. To assess and compare the corporate governance disclosure practices of Infosys and Wipro.

Hypothesis of the Study

Null Hypothesis: There is no significant difference in the corporate governance practices of Infosys and Wipro.

Research Methodology

In this study, a sample of two IT Companies (Infosys and Wipro) are selected which is listed on Bombay Stock Exchange. The data for the study is gathered from the Annual Reports of both the Companies for the period of five years starting from financial year 2008-09 to 2012-13.

The present study develops a Corporate Governance Index (CG Index) by taking into consideration the statutory and non-mandatory requirements as stipulated by the revised Clause 49 of the SEBI Listing Agreement. By using the Corporate Governance Index (CG Index), Corporate Governance practices is evaluated in two IT companies which constitute the IT Index of BSE. Further, independent sample t-test has been applied to test the significant difference in the disclosure practices of both the companies.

Results and Discussions

A. Key Governance Parameters and their Compliance Status

The various key governance parameters and their compliance status are analysed as below:

Company's Philosophy on Code of Governance

Corporate Governance is all about the commitment to values and ethical business conduct. Both Infosys and Wipro have given a description on the company's philosophy on code of governance.

Board of Directors

The sub-parameters of Board of Directors for developing Corporate Governance Index consists of the following:

- Proportion of Non Executive directors to total number of directors
- Proportion of Independent directors to total number of directors
- Adherence to maximum number of directorship positions a director can hold
- Attendance of each director at the board meetings
- Attendance of each director at the last AGM
- Number of Board Meetings in a year

- Declaration of compliance with the code of conduct signed by the CEO
- Details of membership in other companies/committees

As per Clause 49, Board of Directors should consists of Executive and Non-Executive directors and if the non-executive director is a promoter of the company, then atleast half of the board of directors should consists of Independent directors and it is found that both the companies are following this practice.

Moreover, the director should not be a member of more than 10 committees and chairman of not more than 5 committees. Minimum four board meetings should be conducted with a time gap of not more than 4 months between two board meetings. It has been observed from the Annual reports that both the companies have followed these practices during the last five years.

Audit Committee

The sub-parameters of Audit Committee considered for the construction of Corporate Governance Index are:

- Details of audit committee meetings
- Details of financial expert as a member
- Minimum three members on audit committee
- Chairman of committee - independent director
- Chairman present at AGM
- Company secretary - audit committee
- Well- defined powers & functions

The observations regarding the disclosure of Audit Committee in these two IT Companies is satisfactory except in case of details of financial expert and company secretary. Both Infosys and Wipro has adequately disclosed the formation of audit committee, audit committee meetings (atleast four times with a gap of four months), presence of Chairman at AGM and powers and functions of the committee.

Remuneration Committee

The sub-parameters of Remuneration Committee considered for the construction of Corporate Governance Index are:

- Attendance of remuneration committee members
- Whether all members of the remuneration committee are Non- Executive Directors (NEDs)
- Remuneration of NEDs - board of directors to decide
- Chairman-independent director
- Details on company's remuneration policy

Both the Companies have set up Remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on remuneration packages for directors. As per Clause 49 of the Listing Agreement, the Committee should comprise of at least three directors, all of them should be non-executive directors, the chairman of Committee being an independent director. On an average both the companies in the last five years have complied with the Clause 49 agreement regarding the Remuneration committee.

Shareholder Committee

The sub-parameters of Shareholder Committee considered for the construction of Corporate Governance Index are:

- Name of non-executive director heading the committee
- Name and designation of compliance officer
- No. of shareholder complaints received & resolved during the year

As per the listing agreement norm, it is mandatory that every company should form a board committee under the chairmanship of a non-executive director to look specifically into the redressal of shareholder and investors complaints and this committee is designated as 'Shareholder/Investors Grievance Committee'. Regarding the Shareholders committee, it has been observed that both the companies have formed this committee and disclosed the information of non-executive director heading the committee and compliance officer. The number of complaints received and resolved during the last five years is found to be satisfactory.

General Body Meetings

The sub-parameters of General Body Meetings considered for the construction of Corporate Governance Index are:

- Details of last three AGMs - date, time & place
- Special resolutions passed in the previous three AGMs
- Special resolutions put through postal ballot in the last financial year

Infosys and Wipro have complied with the requirement of disclosing the general shareholders information as per clause 49 during the last five years.

Disclosures

The sub-parameters of Disclosures considered for the construction of Corporate Governance Index are:

- Financial & material transactions by management whether they have personal interest that may have potential conflict with the interest of the company
- Non-compliance by company or strictures passed or/and penalty imposed on the company by the stock exchange/statutory authorities/SEBI on any matter
- Whistle Blower Policy
- Mechanism for evaluating non-executive Board Members

The mandatory disclosures/requirements such as Financial & Material transactions and Non-compliance related to capital market matters are adequately disclosed by Infosys and Wipro in the last five years.

Items of Non-Mandatory disclosures/requirements such as Whistle Blower Policy and evaluation of non-executive Board Members are also disclosed by both the companies.

Means of Communication and General Shareholder Information:

The sub-parameters of Means of Communication and General Shareholder Information considered for the construction of Corporate Governance Index are:

- Whether the company maintains website to keep the shareholders informed
- Means of communication adopted by the company
- AGM : Date, time and venue
- Financial year
- Dividend payment date
- Stock Code
- Listing on stock exchange
- Market price data for each month of last financial year
- Performance in comparison to broad- based indices
- Registrar & Transfer Agent (RTA)
- Share transfer system
- Distribution of shareholding
- Dematerialisation & liquidity of shares
- Outstanding GDRs/ADRs /warrants
- Plant location
- Address for correspondence

All the annual reports of both the companies disclosed the information and complied with the requirements regarding Means of Communication and General Shareholder Information as per Clause 49. But Infosys has no disclosed the details of the Plant Location in the last five years annual reports.

Management Discussion and Analysis Report

The sub-parameters of Management Discussion and Analysis Report considered for the construction of Corporate Governance Index are:

- Internal control systems & their adequacies
- Segment-wise or product-wise performance
- Industry structure & developments
- Material developments in Human Resources/Industrial Relations front, including number of people employed
- Discussion on financial performance with respect to operational performance
- Risks & concerns
- Opportunities & threats
- Outlook

Both Infosys and Wipro have adequate disclosure regarding the management discussion and analysis report in the last five years annual reports. But both the companies have not disclosed the discussion on financial performance with respect to operational performance and Wipro has not adequate disclosure regarding the Opportunities & threats.

Compliance Report on Corporate Governance

Infosys have obtained the auditor's certificate for having complied with the conditions of corporate governance and published the same in the annual reports. Whereas, Wipro has obtained Company Secretaries certificate and published the same in the annual reports.

The Corporate Governance Index is based on the score assigned to each governance parameters. If the parameter has been disclosed in the annual report it will assign with score 1 and if it is not there parameter will be assigned with score 0. Therefore each company can score maximum 56 points. The details of total score out of 56 of both the companies for the five years is as follows.

Table1: Corporate Governance Score of Infosys and Wipro

Years	*Infosys*	*Wipro*
2008-09	47	49
2009-10	49	51
2010-11	52	51
2011-12	52	51
2012-13	52	51

Source: Compiled from Annual Reports of Infosys and Wipro

From the above table 1, it can be seen that with the passage of time both the companies i.e., Infosys and Wipro have improved for the disclosure regarding corporate governance. Infosys & Wipro have score highest and almost similar score in the last three years and both have least score in the year 2008-09.

After determining the total score based on the parameters, both the companies i.e. Infosys and Wipro is evaluated on a five point scale (Table 2). Table 3 reveals that both the IT industry companies shows "Excellent" performance. Both the companies are highly rated company in the market and it is evident from the annual reports that these companies follows excellent practice for the corporate governance disclosures.

Table 2: Grading on Five Point Scale

Score (%)	*Rank*
85-100	Excellent
68-84	Very Good
51-67	Good
36-50	Average
Below 35	Poor

Table 3: Scored secured by IT Companies

Name of the Company	*Score Achieved (%)*	*Rank*
Infosys	90	Excellent
Wipro	90.35	Excellent

Source: Compiled Data

B. Hypothesis Testing

Table 4: Test of Significant Difference in the Mean Scores of Corporate Disclosure Practices of Infosys and Wipro

Company	*Mean*	*Standard Deviation*	*t-value*	*Sig. Value*
Infosys	50.4	2.302	-0.181	0.861
Wipro	50.6	0.894		

To test the research hypothesis that there is no significant difference in the corporate governance practices of Infosys and Wipro, independent sample t-test has been conducted. The corporate governance score of last five years of both the companies are being compared. From the Table 2, it can been seen that the mean value of Infosys and Wipro is nearly similar at 50.4 and 50.6 respectively. The t-value is -0.181 which is lower than the 1.96 at 95% level of significance and the p value is also higher than 0.05, indicating that the Null Hypothesis (H_0) is accepted i.e., there is no significant difference in the corporate governance disclosure practices of Infosys and Wipro.

Conclusion

It is clear from the above observation that both the IT companies i.e. Infosys and Wipro have complied with the requirements of Clause 49 of the listing agreement like Company's Philosophy on Code of Governance, Board of Directors, Audit Committee, Remuneration Committee, Shareholder Committee, General Body Meetings, Disclosures, Means of Communication and General Shareholder Information, Management Discussion and Analysis Report, and Compliance Report on Corporate Governance but a very few sub parameters are there which lacks proper disclosures in these companies. It has also been observed that in the last five financial years starting from 2008-09 to 2012-13, the disclosure practices in both the companies i.e., Infosys and Wipro have improved and is the highly rated IT companies in the market in following excellent practice for the corporate governance disclosures. The t-test applied in the study also indicated that there is no significant difference in the corporate governance practices of Infosys and Wipro.

References

- Bhardwaj, N., & Rao, B.R. (2014). Corporate Governance Practices in India - A Case Study. *Asia Pacific Journal of Research*, 1(13), 43-54.
- Butt, S. A. (2011). *Code of Corporate Governance: Issued by Securities and Exchange Commission of Pakistan*. Pakistan: Azeem academy. 246-253.
- Dessai, S. P., & Bhanumurthy, I. (2011). Corporate Governance and Disclosure Practices-A

study of Sensex (Index) Companies. *Journal of Commerce & Management Thought,* 2(2).

- Gowd, T.N., Kiran, C.B., & Rao, C.R.P. (). Empirical Study on Corporate Governance Practices in State Bank of India. *Abhinav,* 2(6), 67-77.
- Jani, J.M. (2013). A Comparative Study on Disclosure of Corporate Governance of B.P.C.I. & I O C. *International Journal of Scientific Research,* 2(6), 79-80.
- Mitra, M. (2013). Corporate Governance Standards and Practices in Indian Aluminium Industry An Empirical Study. *Journal of Business Management, Commerce and Research,* 1(4), 7-16.
- Needles, B.E., Turel, A., Sengur, E.D. & Turel, A. (2012). Corporate Governance in Turkey: Issues and Practices of High Performance Companies. *Accounting and Management Information Systems,* 11 (4), 510–531.
- Pillania, R. K. (2012). Corporate Governance in India: Study of the Top 100 Firms. *Journal of Applied Economic Sciences,* 1 (19), 87-92.
- Raithatha, M., & Bapat, V. (2012). Corporate Governance Compliance Practices of Indian Companies. *Research Journal of Finance and Accounting,* 3(8), 19-26.
- Sen, A. (2011). Corporate Governance in India: Clause 49 of the Listing Agreement. *JM International Journal of Management Research,* 1(2), 162-171.
- Sharma, P.K. (2013). Corporate governance in automobile industry in India. *International Journal of Marketing, Financial Services & Management Research,* 2(5), 123-140.
- Shleifer, A. & R, Vishny. (1997). A Survey of Corporate Governance, *Journal of Finance,* 52 (2), 737-783.
- Infosys. (2009-2013). *Annual Report.* Retrieved from http://www.infosys.com/investors/reports-filings/annual-report/annual/Documents/Infosys-AR-13.pdf
- Wipro. (2009-2013). *Annual Report.* Retrieved from http://www.wipro.com/annual report/2012-13/